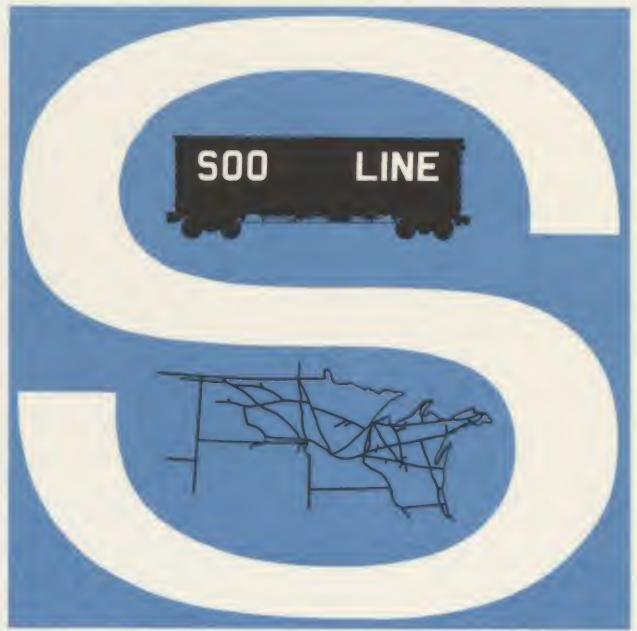


Report to Shareholders

SOO LINE RAILROAD COMPANY



on 1960 results • Minneapolis, St. Paul &

Sault Ste. Marie • Wisconsin Central • Duluth,

BOARDS South Shore & Atlantic • Railroad Companies

MRB

652-0973

M 6663A

with 652-0973

D88942

TRANSFER AND FISCAL AGENTS

Soo Line Railroad Company Common Shares

TRANSFER AND PAYING AGENT:

THE BANK OF NEW YORK
48 Wall Street
New York 15, New York

REGISTRAR:

BANK OF MONTREAL TRUST COMPANY
2 Wall Street
New York 5, New York

Agents for the securities of the three predecessor companies are as follows:

M.S.P.&S.S.M.

FIRST MORTGAGE BONDS:

TRANSFER AGENTS:

THE NORTHERN TRUST COMPANY
50 South LaSalle Street
Chicago 90, Illinois

BANK OF MONTREAL TRUST COMPANY
2 Wall Street
New York 5, New York

FISCAL AGENTS:

THE NORTHERN TRUST COMPANY
50 South LaSalle Street
Chicago 90, Illinois

AGENCY, BANK OF MONTREAL
2 Wall Street
New York 5, New York

GENERAL MORTGAGE BONDS:

TRANSFER AND FISCAL AGENTS:

HARRIS TRUST AND SAVINGS BANK
111 West Monroe Street
Chicago 90, Illinois

THE HANOVER BANK
70 Broadway
New York 15, New York

WISCONSIN CENTRAL

FIRST MORTGAGE BONDS:

TRANSFER AND FISCAL AGENTS:

FIRST NATIONAL BANK OF MINNEAPOLIS
First National Bank Building
Minneapolis 2, Minnesota

BANK OF MONTREAL TRUST COMPANY
2 Wall Street
New York 5, New York

GENERAL MORTGAGE BONDS:

TRANSFER AND FISCAL AGENTS:

THE NORTHERN TRUST COMPANY
50 South LaSalle Street
Chicago 90, Illinois

BANKERS TRUST COMPANY
46 Wall Street
New York 15, New York

D.S.S.&A.

FIRST MORTGAGE BONDS:

TRANSFER AND FISCAL AGENTS:

THE HANOVER BANK
70 Broadway
New York 15, New York

ANNUAL SHAREHOLDERS MEETING
Third Tuesday in May at Minneapolis, Minn.

Report to Shareholders

SOO LINE RAILROAD COMPANY

On 1960 Results

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE

WISCONSIN CENTRAL

DULUTH, SOUTH SHORE AND ATLANTIC

Railroad Companies



DIRECTORS OF THE NEW SOO

January 3, 1961

R. S. ARCHIBALD
Chairman of the Board
North Range Mining Company
Negaunee, Michigan

JUDSON BEMIS
President
Bemis Bro. Bag Company
Minneapolis, Minnesota

*J. D. BOND
Executive Vice President
Soo Line Railroad Company
Minneapolis, Minnesota

ALEX D. CHISHOLM
Retired Partner
Ore Mining Department
Pickands-Mather Company
Duluth, Minnesota

N. R. CRUMP
President
Canadian Pacific Railway Company
Montreal, Quebec

JOHN H. DANIELS
President
Archer-Daniels-Midland Company
Minneapolis, Minnesota

PAUL V. EAMES
Chairman of the Executive Committee
The McCloud River Lumber Company
Minneapolis, Minnesota

R. A. EMERSON
Vice President
Canadian Pacific Railway Company
Montreal, Quebec

MILTON W. GRIGGS
President
Griggs, Cooper & Company, Inc.
St. Paul, Minnesota

F. T. HEFFELFINGER, II
Vice President and General Manager
Peavey Feed Mills Division
F. H. Peavey & Company
Minneapolis, Minnesota

L. MANUEL HENDLER
Director and Member Executive Committee
Borden Company
Baltimore, Maryland

JOHN HJELLUM
Senior Partner
Hjellum, Weiss, Nerison & Ottmar
Jamestown, North Dakota

*HENRY S. KINGMAN
Chairman of the Board
Farmers & Mechanics Savings Bank of Minneapolis
Minneapolis, Minnesota

ENDICOTT R. LOVELL
Chairman of the Board
Calumet & Hecla, Inc.
Chicago, Illinois

*G. ALLAN MacNAMARA
Chairman of the Board
Soo Line Railroad Company
Minneapolis, Minnesota

PAUL D. MILLER
Partner
Mudge, Stern, Baldwin & Todd
New York, New York

GORDON MURRAY
President
First National Bank of Minneapolis
Minneapolis, Minnesota

*LEONARD H. MURRAY
President
Soo Line Railroad Company
Minneapolis, Minnesota

JOHN N. PEYTON
Retired President
Federal Reserve Bank of Minneapolis
Minneapolis, Minnesota

GEORGE S. PILLSBURY
Vice President
The Pillsbury Company
Minneapolis, Minnesota

HOWARD C. REID
Assistant Vice President, Finance
Canadian Pacific Railway Company
Montreal, Quebec

ROGER B. SHEPARD
Retired Chairman, Board of Directors
Federal Reserve Bank of Minneapolis
St. Paul, Minnesota

P. NEWTON TODHUNTER
Partner
Todhunter & Ickes
Chicago, Illinois

L. B. UNWIN
Retired Vice President, Finance
Canadian Pacific Railway Company
Montreal, Quebec

*ABRAHAM WATNER
Investments
Pikesville, Maryland

*ROBERT C. WOOD
President
Minneapolis Electric Steel Castings Company
Minneapolis, Minnesota

JAMES A. WRIGHT
General Solicitor
Canadian Pacific Railway Company
Montreal, Quebec

*EDGAR F. ZELLE
Retired President
Wisconsin Central Railroad Company
Minneapolis, Minnesota

*Member of Executive Committee

OFFICERS, SOO LINE RAILROAD COMPANY

Effective January 3, 1961

CHAIRMAN OF THE BOARD	G. ALLAN MacNAMARA
PRESIDENT	LEONARD H. MURRAY
EXECUTIVE VICE PRESIDENT	JOSEPH D. BOND
VICE PRESIDENT AND GENERAL COUNSEL	FORDYCE W. CROUCH
VICE PRESIDENT, TRAFFIC	ROSS L. THORFINNSEN
VICE PRESIDENT, ACCOUNTING	M. I. LaBELLE
VICE PRESIDENT, OPERATIONS AND MAINTENANCE	THOMAS R. KLINGEL
SECRETARY AND ASSISTANT TO PRESIDENT	THOMAS M. BECKLEY
TREASURER	OLIVER J. ANDERSEN
DIRECTOR OF SPECIAL STUDIES	LAURENCE V. JOHNSON
COMPTROLLER	RICHARD J. BARRY
DIRECTOR OF PERSONNEL	WALTER G. ANDERSON
DIRECTOR OF PUBLIC RELATIONS	WALLACE W. ABBEY
ASSISTANT SECRETARY	CLARENCE H. JUETTNER
ASSISTANT TREASURER	WILLIAM LEICESTER



**GENERAL OFFICES
SOO LINE BUILDING
MINNEAPOLIS 40, MINNESOTA**

SUMMARY

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
TOTAL OPERATING REVENUES	\$ 6,571,912	\$ 32,361,731	\$ 40,456,119
TOTAL OPERATING EXPENSES	\$ 5,707,063	\$ 26,661,938	\$ 34,581,437
% of Total Operating Revenues.....	86.84	82.39	85.48
WAGES, PAYROLL TAXES, AND WELFARE BENEFITS	\$ 3,887,464	\$ 19,152,051	\$ 24,097,253
% of Total Operating Revenues.....	59.15	59.18	59.56
TAXES (OTHER THAN PAYROLL TAXES)	\$ 219,974	\$ 981,286	\$ 1,277,413
% of Total Operating Revenues.....	3.35	3.03	3.16
TOTAL WORKING EXPENSES	\$ 6,356,567	\$ 31,662,698	\$ 38,784,619
% of Total Operating Revenues.....	96.72	97.84	95.87
INCOME BEFORE FIXED AND CONTINGENT CHARGES	\$ 200,496	\$ 841,393	\$ 1,946,378
FIXED CHARGES AND CONTINGENT INTEREST	\$ 199,956	\$ 1,882,635	\$ 1,250,404
NET INCOME	\$ 540	\$ 1,041,242	\$ 695,974
Per share.....	.....	.....	\$.97
SINKING FUND APPROPRIATIONS.....	.....	.....	\$ 100,645
BALANCE AFTER SINKING FUND CHARGES	\$ 540	\$ 1,041,242	\$ 595,329
Per share.....	.....	.....	\$.83
INVESTMENT IN ROAD AND EQUIPMENT	\$27,846,191	\$ 100,875,517	\$ 170,301,961
RATE OF RETURN OF NET RAILWAY OPERATING INCOME ON NET INVESTMENT USED FOR TRANS- PORTATION PURPOSES.....	.95%	.84%	1.87%
LONG-TERM DEBT (Exclusive of amounts due within one year).....	\$ 5,665,242	\$ 40,980,397	\$ 29,089,928
WORKING CAPITAL	\$ 1,009,203	\$ 600,788	\$ 5,974,651
Ratio of Current Assets to Current Liabilities.....	1.60:1	1.14:1	1.61:1
FREIGHT —Carloads.....	64,719	248,719	244,585
Tons.....	2,744,543	8,720,587	9,430,007
Ton miles.....	390,884,822	2,004,191,361	2,726,814,496
REVENUE PER NET TON MILE	1.57c	1.48c	1.39c
NUMBER OF PASSENGERS	18,124	43,180	91,163
REVENUE PER PASSENGER MILE	3.10c	2.53c	2.53c

Figures in Bold Face Denote Contra.

TO SHAREHOLDERS IN THE NEW SOO:

This report for 1960 covers the activities of the Minneapolis, St. Paul & Sault Ste. Marie; Wisconsin Central; and Duluth, South Shore and Atlantic Railroad Companies. As you know, these three lines were merged at year's end to form the new Soo Line Railroad Company.

The M.St.P.&S.S.M. had a net income of \$695,974 before sinking fund charges and \$595,329 after sinking fund charges compared with \$596,011 and \$495,366, respectively, in 1959. The Wisconsin Central earned \$390,832 of its fixed interest on its First Mortgage bonds leaving \$151,997 of such interest unearned and did not earn its contingent mortgage interest or sinking funds. The result was a net income deficit of \$1,041,242 compared with a deficit of \$947,937 in 1959. The D.S.S.&A. earned \$134,990 of its First Mortgage bond interest, the total of which would have been \$176,452 had it been earned in full. The portion of unearned D.S.S.&A. First Mortgage interest does not cumulate in 1960.

In 1960 the three Companies began to include in their income accounts revenues from cars delivered to other railroads at the time the cars were delivered, rather than at the time the destination carriers reported the revenue back to the Companies. This resulted in additional revenue being accrued to the extent of \$799,041 for the M.St.P.&S.S.M., \$605,421 for the Wisconsin Central, and \$125,580 for the D.S.S.&A. Results for 1960 for the M.St.P.&S.S.M. also reflect an income tax credit of \$432,000.

The M.St.P.&S.S.M. declared dividends totaling 50 cents per share payable in 1960. The Wisconsin Central and the D.S.S.&A. did not declare dividends.

As the report to follow shows, in 1960 all three companies placed much emphasis on reduction of costs in view of declining revenues. Rate and service innovations designed to increase participation in available traffic were placed in effect. The results of major activities along these lines are set forth on page 7.

Wage and fringe benefit awards made in 1960 will amount to an estimated annual cost of \$1,165,000 for the new Soo. A freight rate increase averaging approximately 1% for each of the three Companies was authorized by the Interstate Commerce Commission effective October 24, 1960.

The M.St.P.&S.S.M. applied to the Interstate Commerce Commission late in 1960 for permission to discontinue operation of its passenger trains 62 and 63 between St. Paul and Duluth-Superior. Hearings will be early in 1961.

At the November, 1960, general election the people of North Dakota by referendum vote sustained a 1959 law removing the requirement that railroads carry a surplus brakeman on certain freight and mixed trains. Because

of the Company's extensive operation in that state this action will ultimately result in substantial savings.

Personnel and operations of the New Soo's three predecessor companies are being integrated rapidly. Every effort is being made to realize the merger savings as early as possible. Some savings will be deferred because of their nature and because of the necessity for the Company to afford employee protection in accordance with the terms of the merger order of the Interstate Commerce Commission.

Because of the completion of the merger and the prospects for the 1960's, we look forward with confidence to the future of the unified company. We believe our unified personnel will function with determination and ingenuity to realize the maximum benefits. We also observe at the various levels of governmental activity affecting the railroads a greater tendency to convert the recognized need for fair and equitable treatment into tangible action. As this progress occurs it will give our organization even a greater opportunity to improve the efficiency with which it can operate. But in the interim we are dedicated to making every effort to expand our revenues and to seek every feasible efficiency in our operations.

Upon the merger of the three companies Mr. Edgar F. Zelle, President of the Wisconsin Central Railroad Company, retired under the Company's pension rules but has remained a member of the Board of Directors and was appointed by the Board to its Executive Committee. Mr. Zelle became associated with the Wisconsin Central Railway Company in 1945 as Trustee in Bankruptcy. Upon completion of that reorganization he was elected President of the Wisconsin Central Railroad Company, and served in that capacity with distinction and great ability until his retirement.

It is with a sincere feeling of sorrow that we report the death of Mr. Howard I. McMillan, a Director of the M.St.P.&S.S.M., on November 22, 1960. Mr. McMillan had served as a Director from September 10, 1952. The vacancy created by Mr. McMillan's passing was filled by the election of Mr. Howard C. Reid, Assistant Vice President, Finance, of the Canadian Pacific Railway.

Mr. James A. Dundas retired from the Board of Directors of the D.S.S.&A. on April 14, 1960. The vacancy was filled through the election of Mr. James A. Wright, Q.C., General Solicitor of the Canadian Pacific Railway.

In behalf of the New Soo's three predecessor companies, we extend to the New Soo family of employees, officers and shareholders our thanks for loyal effort during 1960 and for a high degree of success in establishing our merged Company. We thank those who have used the services of our Companies, and we look forward to serving them in the future.

FOR THE BOARD OF DIRECTORS,



Chairman of the Board

President

CONDENSED INCOME ACCOUNT

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
INCOME RECEIVED			
Operating revenues:			
Freight.....	\$6,155,682	\$29,588,313	\$37,885,356
Passenger.....	28,057	291,760	572,677
Mail.....	189,368	1,033,052	888,872
All other.....	198,805	1,448,606	1,109,214
Total.....	<u>6,571,912</u>	<u>32,361,731</u>	<u>40,456,119</u>
Other income.			
Total income received.....	<u>45,972</u>	<u>178,410</u>	<u>406,331</u>
	<u>6,617,884</u>	<u>32,540,141</u>	<u>40,862,450</u>
EXPENSES AND CHARGES			
Operating expenses:			
Maintenance of way and structures.....	1,272,671	3,839,756	6,923,416
Maintenance of equipment.....	1,309,488	5,086,550	7,374,118
Traffic.....	396,467	1,272,932	1,309,796
Transportation.....	2,439,479	14,479,143	16,334,482
Miscellaneous operations.....	.....	73,309	166,388
General.....	288,958	1,910,248	2,473,237
Total.....	<u>5,707,063</u>	<u>26,661,938</u>	<u>34,581,437</u>
Other operating charges:			
Railway tax accruals.....	515,466	2,395,982	3,120,664
Equipment rents—net.....	88,251	2,149,110	792,980
Joint facility rents.....	45,787	455,668	289,538
Total.....	<u>649,504</u>	<u>5,000,760</u>	<u>4,203,182</u>
Miscellaneous deductions from income.	<u>60,821</u>	<u>36,050</u>	<u>131,453</u>
Fixed charges:			
Rent for leased road and equipment.....	.....	47,154	1,685
Interest on Wisconsin Central First Mortgage Bonds.....	.....	542,829	.....
Interest on Centralized Traffic Control obligations.....	.....	4,418	.....
Interest on equipment obligations.....	64,966	384,101	435,102
Interest on unfunded debt.....	.....	7,381	118
Amortization of discount on funded debt.....	.....	7,507	10,103
Total.....	<u>64,966</u>	<u>993,390</u>	<u>447,008</u>
Available for contingent charges.....	<u>135,530</u>	<u>151,997</u>	<u>1,499,370</u>
Contingent Interest:			
D.S.S.&A. First Mortgage Bonds.....	134,990	.....	.....
Wisconsin Central General Mortgage Bonds.....	.....	889,245	.....
M.St.P.&S.S.M. First Mortgage Bonds.....	.....	.....	280,760
M.St.P.&S.S.M. General Mortgage Bonds.....	.....	.....	522,636
Total.....	<u>134,990</u>	<u>889,245</u>	<u>803,396</u>
NET INCOME.	<u>540</u>	<u>1,041,242</u>	<u>695,974</u>
Less Sinking Funds:			
D.S.S.&A. First Mortgage.....	.....	.....	.....
Wisconsin Central First Mortgage.....	.....	.....	.....
Wisconsin Central General Mortgage.....	.....	.....	.....
M.St.P.&S.S.M. General Mortgage.....	.....	.....	100,645
Total.....	.....	.....	100,645
BALANCE AFTER SINKING FUND CHARGES.	<u>\$ 540</u>	<u>\$ 1,041,242</u>	<u>\$ 595,329</u>

Figures in Bold Face Denote Contra.

REVIEW OF THE YEAR 1960

The 1960 operations reflect in general the atmosphere of business recession which was prevalent in the territory served by the three reporting Companies. The anticipated general upswing in steel production after strike-ridden 1959 did not hold through 1960, resulting in reduced movement of many commodities. The recession was felt to different degrees by the individual Companies.

The three properties were maintained during the year at levels which provided safe operation. However, expenditures for property improvement were curtailed. As outlined in this summary, total working expenses were reduced on the M.St.P.&S.S.M. and D.S.S.&A. but rose slightly on the Wisconsin Central.

The year 1960 saw a number of interesting developments in the field of competitive rate making. As reported last year, the M.St.P.&S.S.M. and D.S.S.&A. have been attempting to establish a guaranteed rate on pipe moving from Sault Ste. Marie, Ontario, to Chicago. The rate was in effect during 1960, but on August 5 an Interstate Commerce Commission Examiner took the position that the rate, while commendable as to purpose, was unlawful. The full Commission heard oral arguments on the proposal on March 8, 1961.

The first joint rate filed by a rail carrier and a pipeline was established by the M.St.P.&S.S.M. in 1960 to cover a movement of North Dakota crude oil by rail to Clearbrook, Minnesota and thence by pipeline to the Twin Cities area. The movement has been substantial. A diminishing scale of rates applicable to an anticipated expanding volume of residual fuel oil also was established during the year to prevent the diversion of traffic to a private marine operation. The reporting Companies also found it advantageous in several instances to join with motor common carriers in establishing through rates on both carload and piggyback traffic to meet the marketing requirements of customers.

The annual report of the M.St.P.&S.S.M. for 1959 mentioned the severe competition facing that line and many railroads in the handling of grain from country stations to primary markets. Trucking of grain had become so prevalent that in March, 1960, more than half of the grain received at Duluth-Superior markets arrived by truck. On April 8, 1960, the M.St.P.&S.S.M. and other rail carriers made substantial reductions in grain rates from certain defined areas. The reductions, designed to stem the growing tide of grain trucking, were immediately successful. Toward the end of 1960, motor carriers made further rate reductions which partially offset

the April rail adjustments. The matter remains under continued study.

Further comments are made with respect to the traffic of the individual lines in the sections of this commentary devoted to the activities of the separate Companies.

During 1960, 41 industrial plants chose sites on the property of the three Companies. Ten additional plants were located adjacent to Company property with rail service provided from Company trackage. Eighty-eight temporary industrial installations of various types were made.

All three Companies are a party to national negotiating procedures where general rates of pay, rules and working conditions are concerned. Wage demands served on the carriers by the major operating brotherhoods in 1959 were carried to arbitration and resulted in awards which became effective during 1960. The agreements provided essentially for an increase in basic rates of pay of 2% effective July 1, 1960, and an additional 2% to become effective March 1, 1961.

Wage increase and liberalized vacation and holiday demands of the non-operating unions resulted in Emergency Board proceedings. An agreement within the framework of the Emergency Board's recommendations was signed on August 19, 1960, providing increases in rates of pay and adjustments to fringe benefits effective in 1960 and 1961 which total the equivalent of approximately 10 cents per hour.

The controversy over unproductive work rules arising from agreements with the operating crafts which have not been substantially changed in 40 years resulted in the appointment of a 15-man study commission by the President of the United States. A report and recommendations as to how this problem can be solved is expected near the end of 1961.

The Commission is composed of five persons nominated by railroad management, five nominated by the operating unions, and five representing the public interest appointed by the President of the United States. Railroad management expects from this Commission a thorough and impartial study and recommendations which, while not binding, will have great weight.

The mechanized freight car reporting system already in effect on the lines of the M.St.P.&S.S.M. was extended during 1960 to the lines of the Wisconsin Central. Mechanized inventory control and accounting for diesel-electric locomotive parts, already in use at Shoreham and North Fond du Lac, was extended

to all other stores locations on these two lines. Mechanization of interline freight revenue accounting, begun in 1959, was completed for interline received traffic.

M.S.T.P.&S.S.M.

The table on page 21 outlines in detail the revenue derived by this Company from all sources. The figures below provide an indication of how freight revenue in 1960 compared with that in 1959, according to the major commodity classifications.

Commodity Group	1960 Revenue	% of Total Freight Revenues	% of Change from 1959
Products of Agriculture	\$12,577,838	33.20	— 9.9
Animals and Animal Products	305,325	.81	— 26.8
Products of Mines	4,456,993	11.77	+ 15.0
Products of Forests	8,010,212	21.14	+ 7.8
Manufactures and Miscellaneous	11,707,352	30.90	— 6.5
Less-than-carload Freight	827,636	2.18	— 17.3
Totals	\$37,885,356	100.00	— 3.4

Aside from the general business recession, the principal factor in the reduction of total revenues was the decrease in revenue from the handling of grain. As mentioned previously, grain rates were reduced during 1960 to stem the continuing diversion of grain to competing forms of transportation. Imports of Canadian cattle were at a level considerably below that of 1959, resulting in a decrease in revenue from the handling of Animals and Animal Products. Movements of gasoline, lead and zinc, pig iron, agricultural implements, machinery, farm tractors and cement also were fewer than in 1959.

Greater iron ore shipments and the movement of crude oil from North Dakota to Clearbrook, Minnesota, on the joint rail-pipeline rate previously mentioned increased revenue from the Products of Mines group. Lumber shipments from Canada over the M.S.T.P.&S.S.M. rose markedly despite the smaller housing market in the United States during the year. Shipments of logs and pulpwood, and of newsprint and woodpulp from Canada, also were higher.

The M.S.T.P.&S.S.M. handled .4% fewer tons of freight in 1960 than it did in 1959. Revenue per ton-mile was down 6.7% as the Company handled less high-rated traffic and absorbed competitive rate adjustments.

Total operating expenses were reduced 7.92% in 1960, and total working expenses, which include operating expenses, taxes and equipment and joint facility rents, were reduced 4.62%. Total working expenses absorbed 95.87% of total operating revenues.

Tie renewals totaled 44,712 compared with 321,199 in 1959. Heavier rail was placed in main track to the

extent of 14.79 miles, compared with 33.26 miles in 1959. Less than one half as much ballasting of track was done in 1960 as was done in 1959.

Operating expenses were increased by reason of increases in wage rates effective in 1959 and 1960 to the extent of an estimated \$432,000.

The Company received in 1960 a refund of \$1,362,000 in Federal income taxes accrued in 1959 due to the carryback of net operating loss for 1959. In 1960 an anticipated refund of \$432,000 was accrued due to the carryback of net operating loss for that year.

Accelerated amortization of defense property has resulted in accelerated deduction of depreciation in the amount of \$9,052,154 in determining Federal taxable net income. A table of annual deductions appears on page 18. No reserve has been established on the books of the M.S.T.P.&S.S.M. to cover Federal income taxes that may have to be paid in future years because of this accelerated deduction of depreciation.

As mentioned in previous annual reports, the Company has pending a law suit against the United States because the Internal Revenue Service disallowed the bad debt loss claimed by that Company in 1952. The case presently is before the United States Court of Claims.

During the year, the Company acquired five 85-foot flat cars for piggyback service, and the service was extended to Minot, North Dakota. The Company began the installation of 38 miles of centralized traffic control between Minneapolis and Buffalo, Minnesota. Total expenditures for improvements to property were \$1,486,707.

The coordination of 45 miles of railroad in North Dakota with the Great Northern Railway Company was completed during the year.

The Tri-State Land Company, a wholly-owned subsidiary of the M.S.T.P.&S.S.M., purchased for future industrial development 12½ acres of property in New Hope, a suburb of Minneapolis, adjacent to 70 acres previously acquired.

WISCONSIN CENTRAL

The table below outlines the fluctuations in freight revenue received by the Company in 1960:

Commodity Group	1960 Revenue	% of Total Freight Revenues	% of Change from 1959
Products of Agriculture	\$ 3,100,803	10.48	— 7.3
Animals and Animal Products	943,213	3.19	— 11.0
Products of Mines	2,775,789	9.38	— 11.5
Products of Forests	4,930,100	16.66	+ 9.2
Manufactures and Miscellaneous	16,798,570	56.78	+ 0.5
Less-than-carload Freight	1,039,838	3.51	— 17.0
Totals	\$29,588,313	100.00	— 1.4

The Wisconsin Central received 1.4% less freight revenue in 1960 than it did in 1959, but due largely to the fact that higher rated traffic comprised a greater share of the total volume, revenue per ton-mile increased 2.1%. Tons of freight handled also increased, by 4%.

Grain shipments by rail from the Twin Cities and Duluth-Superior to eastern United States points declined, as did shipments of cheese, fresh meats, and canned meats. These are the principal factors accounting for the reduction in revenue from Agricultural Products, Animals and Animal Products.

Continuing inroads of other fuels resulted in a decline in revenue from the handling of bituminous coal.

During 1960 the Wisconsin Central reduced its rates on iron ore from the Gogebic Range to Ashland, Wisconsin, to meet market competition. This, plus the reduction in coal revenues, accounted for the decline in revenues from Products of Mines.

Pulpwood moved in greater quantities to Wisconsin paper mills, and lumber handled by the Company from western Canada increased. The result was an increase in the revenue from Products of Forests.

Total working expenses were increased in 1960 by 43% over what they were in 1959. Operating expenses were reduced .62% despite the inclusion of some \$307,000 in higher wage costs effective in 1959 and 1960. Transportation expenses increased principally as a result of higher wage rates. Total working expenses absorbed 97.84% of total operating revenues.

Maintenance of the Company's right-of-way was curtailed consistent with safe operation. Heavier rail amounting to 8.45 miles was placed in main track, compared with 11.02 miles in 1959. Some 9,000 ties were renewed in 1960 against about 54,000 in 1959. Ballasting was considerably curtailed.

The Company made no accrual for Federal income taxes in 1960. Accelerated amortization of defense property has resulted in accelerated deduction of depreciation in the amount of \$8,826,645 in determining Federal taxable net income. No reserve has been established on the books of the Wisconsin Central to cover Federal income taxes that may have to be paid in future years because of this accelerated deduction of depreciation.

In 1960 the Wisconsin Central acquired 10 85-foot piggyback flat cars. Company forces completed the installation of 58 miles of centralized traffic control between Fond du Lac and Waukesha, Wisconsin.

Total expenditures for property improvements were \$1,067,868.

D.S.S.&A.

Freight revenues received by the Company in 1960 were as follows:

Commodity Group	1960 Revenue	% of Total Freight Revenues	% of Change from 1959
Products of Agriculture	\$ 211,129	3.43	-14.0
Animals and Animal Products	37,440	.61	-49.3
Products of Mines	993,837	16.14	-11.5
Products of Forests	2,051,398	33.32	+10.1
Manufactures and Miscellaneous	2,742,746	44.56	-7.9
Less-than-carload Freight	119,132	1.94	+1.5
Totals	\$ 6,155,682	100.00	-3.8

The D.S.S.&A. handled 1.8% more tons of freight in 1960 than it did in 1959, but it hauled its tonnage a slightly shorter distance, on the average, and had a lower average revenue. Revenue per ton-mile, therefore, was 4.3% below what it was in 1959.

Revenues from iron ore were reduced due to the reduction of iron ore rates from the Marquette Range necessitated by market competition. The significant increase in revenue from Products of Forests was due to an increase in shipments of logs, chemical wood and pulpwood. Manufactures and Miscellaneous traffic was reduced by general business conditions.

Operating expenses for 1960 were reduced 2.70% under the 1959 figure. The reduction was made in the face of increased wage costs effective in 1959 and 1960 amounting to approximately \$70,000. Some 20,500 ties were renewed, compared with 51,600 ties in 1959. Heavier rail was placed in about one mile of track. Reductions in expenses derived from these and other sources were partially offset by increased maintenance charges on the line of the Northern Pacific Railway between Ashland and Superior, Wisconsin, over which the Company has trackage rights.

Total working expenses for 1960 were 5.77% below the 1959 level. Working expenses consumed 96.72% of total operating revenues.

No Federal income tax accrual was made in 1960. Accelerated amortization of defense property has resulted in accelerated deduction of depreciation in the amount of \$2,338,134 in determining Federal taxable net income. No reserve has been established on the books of the D.S.S.&A. to cover Federal income taxes that may have to be paid in future years because of this accelerated deduction of depreciation.

COMPARATIVE GENERAL
DECEMBER

ASSET SIDE

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
CURRENT ASSETS:			
Cash.....	\$ 569,211	\$ 651,269	\$ 1,655,746
U. S. Government securities.....	198,799	1,096,518	1,993,263
Special Deposits:			
For interest and other obligations.....	180,849	371,651	153,320
Employees' U. S. Savings Bonds.....	8,900	.....	144,910
For distribution to holders of Mortgage Bonds of Predecessor Companies of D.S.S.&A., Wisconsin Central and M.St.P.&S.S.M. Railroad Companies.....	1,004	1,300	3,278
Loans and notes receivable.....	.....	.....	800,000
Traffic and car-service balances.....	121,841	.....	504,030
Agents' and conductors' balances.....	90,144	.....	1,138,939
Miscellaneous accounts receivable.....	367,357	5,262	1,429,335
Interest and dividends receivable.....	1,057	5,958	24,952
Accrued accounts receivable.....	169,949	449,500	1,950,045
Working fund advances.....	1,619	.....	37,330
Prepayments.....	3,458	.....	32,604
Material and supplies.....	970,964	2,358,586	5,858,179
Other current assets.....	1,391	73,841	31,315
Total.....	2,686,543	5,013,885	15,757,246
OTHER ASSETS AND DEFERRED CHARGES:			
Other assets.....	40,935	210,965	719,103
Unamortized discount on long-term debt.....	.....	105,898	71,920
Other deferred charges.....	119,843	119,134	1,221,713
Total.....	160,778	435,997	2,012,736
INVESTMENTS IN SECURITIES, ADVANCES, AND SPECIAL FUNDS:			
Sinking Funds.....	123	337	294
Deposits with Mortgage Trustees.....	11	.....	2,110
Deposits under Equipment Trusts.....	.....	34,482	17,477
Special C.T.C. system construction accounts.....	.....	.....	15,652
Service interruption insurance fund.....	2,618	14,101	15,922
Investments in affiliated companies:			
Stocks—Pledged under Mortgages.....	109,567	241,100	1,447,175
Stocks—Unpledged.....	.....	300	300
Advances and unsecured notes.....	356,506	266,345	755,915
Total.....	468,825	556,665	2,254,845
INVESTMENT IN PROPERTY:			
Road.....	19,293,442	63,289,588	119,534,202
Equipment.....	8,552,749	37,378,550	50,767,759
Improvements on leased property.....	.....	207,379	.....
Miscellaneous physical property.....	37,590	210,198	249,781
Total.....	27,883,781	101,085,715	170,551,742
Less:			
Acquisition adjustment.....	3,051,652	11,865,963	22,463,549
Donations and grants.....	14,929	29,124	2,785,867
Accrued depreciation—road.....	2,792,606	9,015,979	14,002,901
Accrued depreciation—equipment.....	3,988,611	13,623,684	21,134,857
Accrued amortization of Defense Projects—road.....	.....	150,194	.....
Accrued amortization of Defense Projects—equipment.....	.....	1,741,297	2,914,297
Total.....	9,847,798	36,426,241	63,301,471
Net.....	18,035,983	64,659,474	107,250,271
GRAND TOTAL.....	\$21,352,129	\$70,666,021	\$127,275,098

See page 12 for comments on the balance sheet.

BALANCE SHEET

31, 1960

LIABILITY SIDE

CURRENT LIABILITIES:

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Audited accounts payable.....	\$ 297,247	\$ 57,794	\$ 991,707
Wages payable.....	92,258	.....	1,050,456
Miscellaneous accounts payable.....	67,248	.....	892,703
Wisconsin Central Railroad Co. operation.....	.....	.....	73,840
Interest and dividends matured unpaid.....	7,259	337,461	901,309
Unmatured interest accrued.....	128,450	937,586	72,423
Accrued accounts payable.....	329,680	1,492,521	2,514,489
Federal income taxes accrued.....	.....	.....	.....
Other taxes accrued.....	176,850	390,920	1,335,775
Other current liabilities.....	273,675	41,890	519,070
Long-term debt due within one year.....	304,673	1,154,925	1,430,823
Total.....	1,677,340	4,413,097	9,782,595

Ratio of Current Assets to Current Liabilities..... 1.60:1 1.14:1 1.61:1

RESERVES, OTHER LIABILITIES AND DEFERRED CREDITS:

Reserve for land-grant deductions.....	3,134	.....	.....
Accrued depreciation—leased property.....	.....	83,843	5,578
Wis. Cent. General Mortgage interest.....	.....	889,245	.....
Other deferred liabilities and credits.....	739,606	45,067	301,949
Total.....	742,740	1,018,155	307,527

LONG-TERM DEBT:

D.S.S.&A. First Mortgage 4% Income Bonds, Series B, 1-1-1995.....	4,411,300	.....	.....
Wisconsin Central First Mortgage 4% Fixed Interest Bonds, Series A, 1-1-2004.....	.....	13,553,000	.....
Wisconsin Central General Mortgage 4½% Income Bonds, Series A, 1-1-2029.....	.....	19,761,000	.....
M.St.P.&S.S.M. First Mortgage 4½% Cumulative Income Bonds, Series A, 1-1-1971.....	.....	.....	6,239,000
M.St.P.&S.S.M. General Mortgage 4% Income Bonds, Series A, 1-1-1991.....	.....	.....	13,065,900
Equipment Conditional Sale Agreements and Promissory Notes.....	1,253,942	3,459,710	4,209,695
Equipment Trusts.....	.....	4,019,000	5,216,000
C.T.C. Signal System Conditional Sale Agreements.....	.....	187,687	359,333
Total.....	5,665,242	40,980,397	29,089,928

SHAREHOLDERS' EQUITY:

Capital stocks, common, no par value: D.S.S.&A.—210,000 shares, stated value \$50.00 per share.....	10,500,000	.....	.....
Wis. Cent.—207,955 shares, stated value \$100.00 per share.....	.....	20,795,500	.....
M.St.P.&S.S.M.—719,104 shares, stated value \$86.50 per share.....	.....	.....	62,202,496
Total.....	10,500,000	20,795,500	62,202,496
Capital surplus.....	428	.....	8,102
Retained income: Retained income—Appropriated.....	427,000	1,211,727	3,697,523
Retained income—Unappropriated.....	2,339,379	2,247,145	22,186,927
Total retained income.....	2,766,379	3,458,872	25,884,450
Total Shareholders' Equity.....	13,266,807	24,254,372	88,095,048

GRAND TOTAL..... \$21,352,129 \$70,666,021 \$127,275,098

See page 12 for comments on the balance sheet.

COMMENTS ON THE BALANCE SHEET

SPECIAL DEPOSITS

D.S.S.&A.

Included in the amount of \$180,849, "For interest and other obligations," is \$178,358 on deposit with The Hanover Bank of New York for redemption of the remaining First Mortgage Series "A" bonds in the hands of the public. The liability for this obligation is included in the balance of \$273,675 for "Other current liabilities."

LOANS AND NOTES RECEIVABLE

M.St.P.&S.S.M.

The \$800,000 loan was made to the Tri-State Land Co. to provide cash for the remodeling and modernization of the Soo Line Building in Minneapolis, sole ownership of which was acquired as of March 1, 1960, by Tri-State Land Co., a fully-owned subsidiary of the railroad company.

MISCELLANEOUS ACCOUNTS RECEIVABLE

M.St.P.&S.S.M.

Included in the amount of \$1,429,335 is an amount of \$352,279 representing a claim for refund of federal income taxes for the year 1954. This claimed refund, although approved in the report of the tax agent of the Internal Revenue Service, is included in the litigation involving a claim for refund of all or part of federal income taxes paid for the years 1951, 1952, 1954 and 1955. Upon conclusion of this litigation, the refund will be received for the overpayment of taxes for 1954.

ACCRUED ACCOUNTS RECEIVABLE

In June, 1960, the three companies began accruing estimated revenue from shipments delivered to other roads but not reported to the companies. The previous practice was to exclude such revenue from the accounts until reported by the foreign lines. The amounts so accrued and carried in "Accrued Accounts Receivable" as of December 31, 1960, are: D.S.S.&A. \$125,580, Wisconsin Central \$449,500, and M.St.P.&S.S.M. \$954,962. Of the amount carried by the M.St.P.&S.S.M. \$155,921 is applicable to the Wisconsin Central but for which credit was taken by the Wisconsin Central in its 1960 revenue accounts.

Also included in this account for the M.St.P.&S.S.M. is the estimated income tax refund of \$432,000 which will be claimed as a carry back of the net operating loss for that company for the year 1960 pursuant to the Internal Revenue Code.

INVESTMENTS IN AFFILIATED COMPANIES

M.St.P.&S.S.M.

In the total \$1,447,175 of stocks pledged under mortgages is \$324,900 representing the asset value entered on the books for 18,050 shares of Wisconsin Central Railroad Company stock awarded and delivered to the M.St.P.&S.S.M. in settlement of litigation involving 23,850 shares of Wisconsin Central stock originally allocated to the M.St.P.&S.S.M. in the plan of reorganization of the Wisconsin Central's predecessor.

RESERVES, OTHER LIABILITIES AND DEFERRED CREDITS

WISCONSIN CENTRAL

The amount of \$889,245 for "Wisconsin Central General Mortgage interest" represents the cumulative bond interest accrued but not earned in the year 1959, which cannot be paid until income is available therefor.

LONG-TERM DEBT

D.S.S.&A.

During 1960 long-term debt decreased \$481,673 and long-term debt due within one year decreased \$6,830, a total of \$488,503.

The redemption of Series "A" First Mortgage bonds as authorized in the Plan of Merger reduced the outstanding First Mortgage bonds by \$177,000.

The principal of equipment conditional sale agreements (including long-term debt due within one year) decreased \$311,503 through payments thereon of that amount during the year.

WISCONSIN CENTRAL

Long-term debt decreased \$1,028,661 during the year, and long-term debt due within one year decreased \$75,539, a total reduction of \$1,104,200.

First Mortgage bonds outstanding in the principal amount of \$19,000 were reacquired by the company for future sinking fund or other mortgage purposes.

The net decrease in the principal of equipment and centralized traffic control obligations including amounts due within one year, was \$1,085,200 because of the addition of one new contract during the year in the amount of \$150,000 for the purchase of 10 new piggy-back flat cars, and payments totaling \$1,235,200 on the principal of such debt.

M.St.P.&S.S.M.

The reduction in 1960 in long-term debt was \$1,589,592 and the increase in long-term debt due within one year was \$15,797, a net decrease of \$1,573,795.

General Mortgage bonds outstanding in the principal amount of \$203,900 were retired in 1960 through operation of the Sinking Fund.

The principal of outstanding equipment obligations was reduced \$1,305,025 during the year through principal payments in that amount.

Under the provisions of the centralized traffic control agreement it was expected that a down payment of \$110,000 would be made during 1960, but the work of installing the signal system has not progressed as rapidly as anticipated, so that during the year only \$6,4870 was paid on this obligation.

RETAINED INCOME

In accordance with Minnesota law, earned surplus as of the following dates and in the indicated amounts is designated as "Paid-in Surplus":

D.S.S.&A.	11-1-49	\$ 629,110
Wisconsin Central	3-1-54	2,153,495
M.St.P.&S.S.M.	9-1-44	11,364,138

CONTINGENT LIABILITIES NOT RECORDED

WISCONSIN CENTRAL

The company is jointly and severally liable with nine other railroads for the principal of \$3,120,000 and interest thereon under a conditional sale agreement of Packers Car Line Company. Principal and interest have been paid by Packers Car Line Company as they became due.

M.St.P.&S.S.M.

The company is jointly and severally liable with seven other railroads for the principal and interest of \$10,651,000 of First and Refunding Mortgage 3 1/4% Bonds Series "B" of The Saint Paul Union Depot Company. Interest on these bonds has been paid by The Saint Paul Union Depot Company as it became due.

RETAINED INCOME ACCOUNT
DECEMBER 31, 1960

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
RETAINED INCOME—APPROPRIATED:			
Period prior to respective reorganization dates:			
For D.S.S.&A. Sinking Fund.....	\$ 75,000	.....	.....
For M.St.P.&S.S.M. Capital Fund.....	.....	.....	\$ 500,000
For M.St.P.&S.S.M. Sinking Fund.....	.....	.....	369,032
For Retirement of Funded Debt:			
Wisconsin Central.....	.....	\$ 340,535	.....
M.St.P.&S.S.M. ....	.....	.....	1,184,623
Total.....	\$ 75,000	\$ 340,535	\$ 2,053,655
Period subsequent to respective reorganization dates:			
For Sinking Funds.....	\$ 175,000	\$ 776,492	\$ 1,643,868
For Retirement of Funded Debt.....	177,000	94,700	.....
Total.....	352,000	871,192	1,643,868
Total Retained Income—Appropriated.....	\$ 427,000	\$ 1,211,727	\$ 3,697,523
RETAINED INCOME—UNAPPROPRIATED:			
Period prior to respective reorganization dates:			
Paid-in Surplus in accordance with Minnesota Law:			
D.S.S.&A.....	\$ 629,110	.....	.....
Wisconsin Central.....	.....	\$ 2,153,495	.....
M.St.P.&S.S.M.....	.....	.....	\$ 11,364,138
Less appropriations:			
D.S.S.&A.....	75,000	.....	.....
Wisconsin Central.....	.....	340,535	.....
M.St.P.&S.S.M.....	.....	.....	2,053,655
Balance.....	\$ 554,110	\$ 1,812,960	\$ 9,310,483
Period subsequent to respective reorganization dates:			
Net Income.....	\$ 2,692,027	\$ 2,900,330	\$ 25,038,204
Less Sinking Fund appropriations.....	175,000	776,492	1,643,868
Balance after Sinking Fund charges.....	2,517,027	2,123,838	23,394,336
Less Dividends.....	682,500	1,247,730	11,505,664
Balance after Dividends.....	1,834,527	876,108	11,888,672
Discount and expenses on Bonds reacquired.....	160,002	434,840	2,900,991
Less miscellaneous appropriations of Retained Income.....	177,000	94,700	.....
Less other miscellaneous items not accounted for through Income accounts.....	32,260	782,063	1,913,219
Balance.....	1,785,269	434,185	12,876,444
Total Retained Income—Unappropriated.....	\$ 2,339,379	\$ 2,247,145	\$ 22,186,927

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Times Earned:			
Interest: D.S.S.&A. First Mortgage Bonds.....	.8	.....	.....
Wisconsin Central First Mortgage Bonds.....7	.....
Wisconsin Central General Mortgage Bonds.....
M.St.P.&S.S.M. First Mortgage Bonds.....	5.3
M.St.P.&S.S.M. General Mortgage Bonds.....	2.3
Sinking Funds:			
D.S.S.&A. First Mortgage.....
Wisconsin Central First Mortgage.....
Wisconsin Central General Mortgage.....
M.St.P.&S.S.M. General Mortgage	6.9
Earned per Share:			
Net Income.....	\$.97
Balance after Sinking Fund charges.....	\$.83

INVESTMENTS IN AFFILIATED COMPANIES

DECEMBER 31, 1960

	Number of Shares	Par Value	Book Value
STOCKS—PLEDGED UNDER MORTGAGES:			
D.S.S.&A.:			
Pledged under D.S.S.&A. First Mortgage:			
The Lake Superior Terminal & Transfer Ry. Co.....	849	\$ 84,900	\$ 87,300
The Mackinac Transportation Co.....	216 $\frac{2}{3}$	21,667	21,667
Sault Ste. Marie Bridge Co.....	2,500	250,000	500
Railway Express Agency, Inc.....	1	No Par	100
Total.....			<u>\$ 109,567</u>
Wisconsin Central:			
Pledged under Wisconsin Central First Mortgage:			
The Belt Railway Co. of Chicago.....	2,400	\$ 240,000	\$ 240,000
Packers Car Line Co.....	110	1,100	1,100
Total.....			<u>\$ 241,100</u>
M.St.P.&S.S.M.:			
Pledged under M.St.P.&S.S.M. First Mortgage:			
Sault Ste. Marie Bridge Co.....	2,500	\$ 250,000	\$ 500
Minnesota Transfer Railway Co.....	913	91,300	91,300
The St. Paul Union Depot Co.....	1,036	103,600	130,475
Wisconsin Central Railroad Co.....	18,050	No Par	324,900
Total.....			<u>547,175</u>
Pledged under M.St.P.&S.S.M. General Mortgage:			
Tri-State Land Co. (See Note).....	25,000	2,500,000	900,000
Total under M.St.P.&S.S.M. Mortgages.....			<u>\$1,447,175</u>
STOCKS—UNPLEDGED:			
Wisconsin Central:			
Railway Express Agency, Inc.....	3	No Par	\$ 300
M.St.P.&S.S.M.:			
Railway Express Agency, Inc.....	3	No Par	\$ 300
ADVANCES AND UNSECURED NOTES:			
	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
The Lake Superior Terminal & Transfer Ry. Co.....	\$140,522	.....	.....
Mackinac Transportation Co.....	100,000	.....	.....
Railway Express Agency, Inc.....	28,916	\$ 86,746	\$ 86,747
The Belt Railway Co. of Chicago.....	.....	158,623	.....
Packers Car Line Co.....	.....	20,976	.....
Minnesota Transfer Ry. Co.....	.....	362,301	.....
The St. Paul Union Depot Co.....	.....	219,798	.....
Sault Ste. Marie Bridge Co.—U.S. Funds.....	87,068	.....	87,069
TOTAL.....	\$356,506	\$266,345	\$755,915

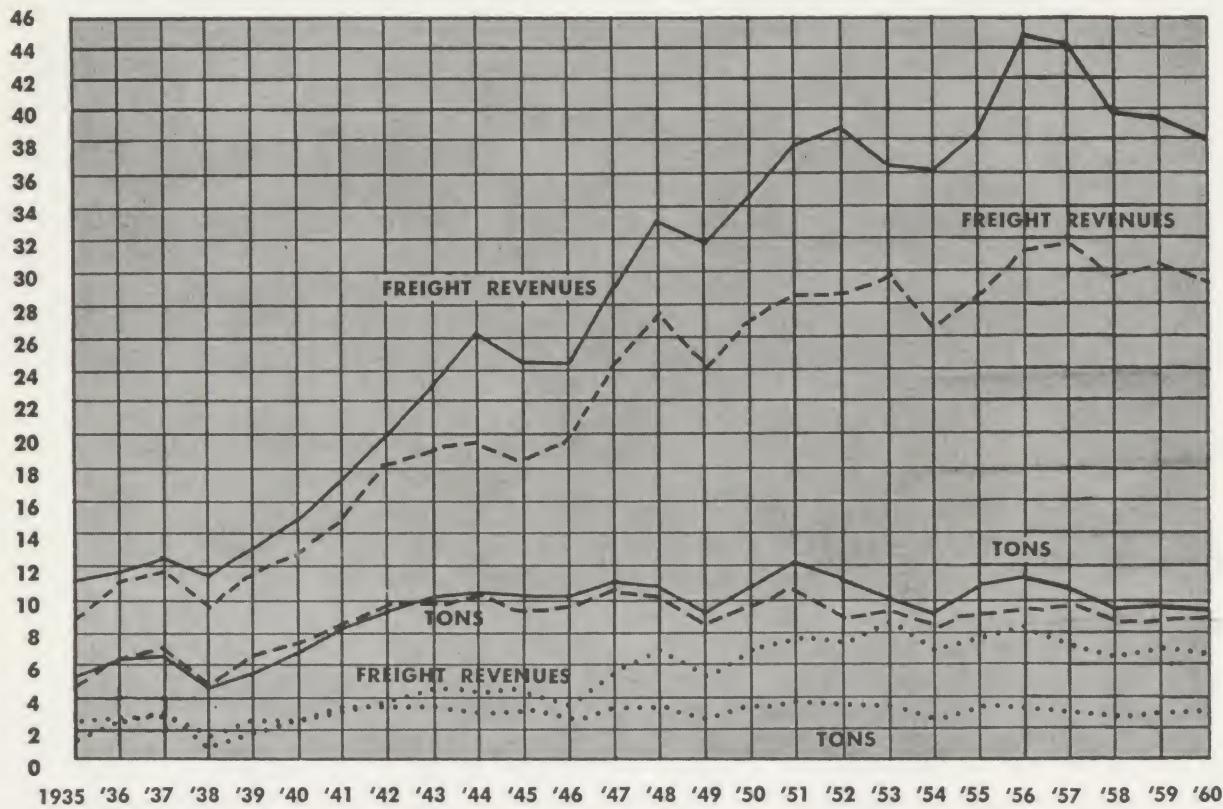
NOTE: The equity of the Company in the net worth (capital stock and surplus) of the Tri-State Land Company, a solely owned subsidiary, has been written down on the M.St.P.&S.S.M.R.R. Co. books to the estimated value as determined by appraisal as of September 1, 1944. The amount of this equity is \$900,000 as shown under the column headed "Book Value." The result for the year 1960 was a net income of \$873,597, and the net worth of that company as reflected on its books at December 31, 1960, is \$2,661,304, without provision for impairment of asset values.

MORTGAGE BONDS OUTSTANDING DECEMBER 31, 1960

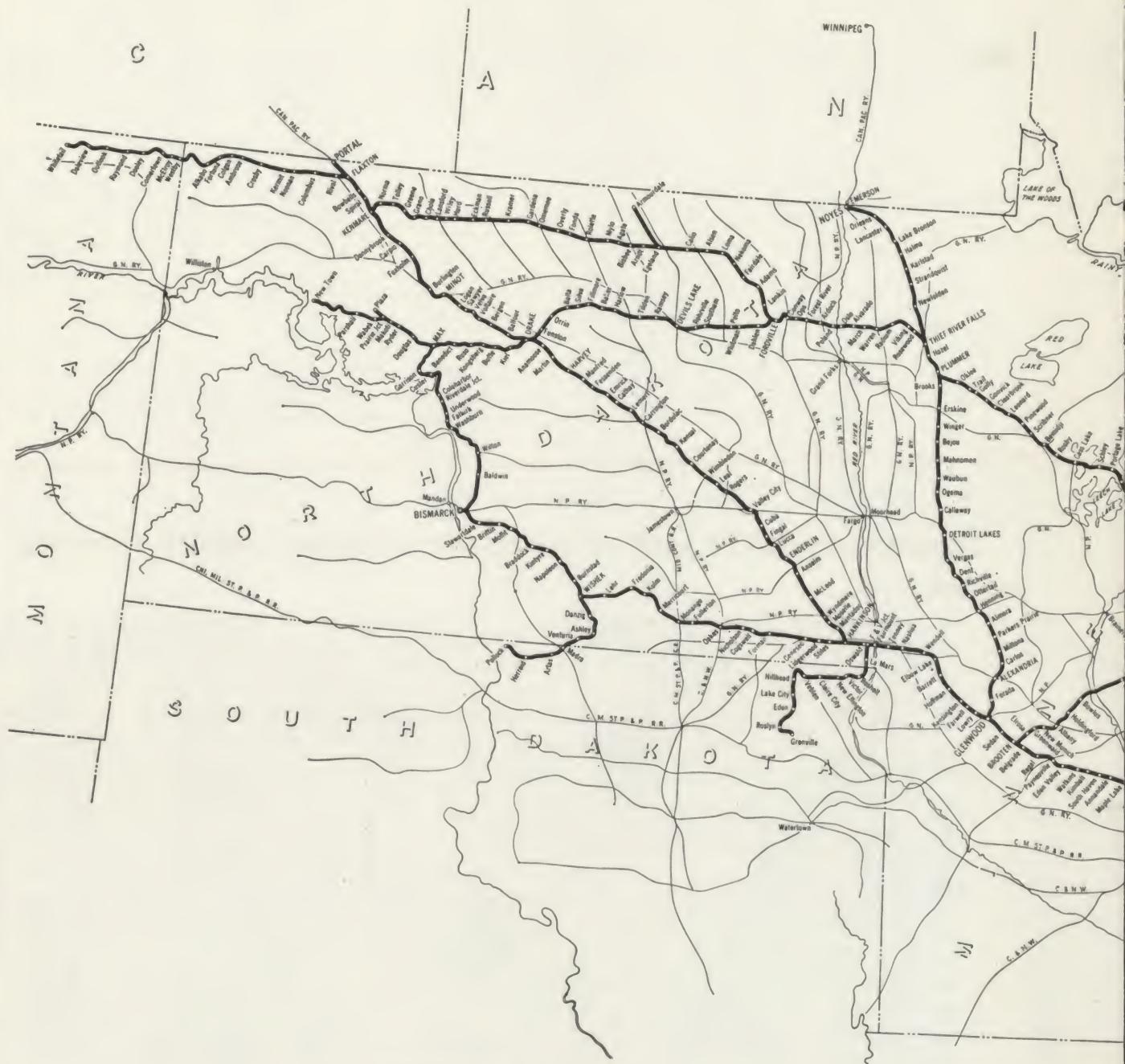
Description of Bonds	Amount Actually and Nominally Issued	Cancelled through Sinking Fund	Otherwise Cancelled	Held in Treasury	Amount Outstanding Unmatured
D.S.S.&A.:					
First Mortgage.....	\$ 5,000,000	\$ 411,700	\$ 177,000	.....	\$ 4,411,300
Wisconsin Central:					
First Mortgage.....	\$14,706,900	\$ 894,900	\$ 140,900	\$ 118,100	\$13,553,000
General Mortgage.....	20,441,000	519,000	.....	161,000	19,761,000
Total.....	\$35,147,900	\$1,413,900	\$ 140,900	\$ 279,100	\$33,314,000
M.St.P.&S.S.M.:					
First Mortgage.....	\$10,000,000	.....	.....	\$3,761,000	\$ 6,239,000
General Mortgage.....	20,129,000	\$3,561,200	\$2,000,000	1,501,900	13,065,900
Total.....	\$30,129,000	\$3,561,200	\$2,000,000	\$5,262,900	\$19,304,900

COMPARISON OF FREIGHT REVENUES WITH TONS OF FREIGHT HANDLED

MILLIONS



D.S.S.&A.
Wisconsin Central
M.St.P.&S.S.M. ———

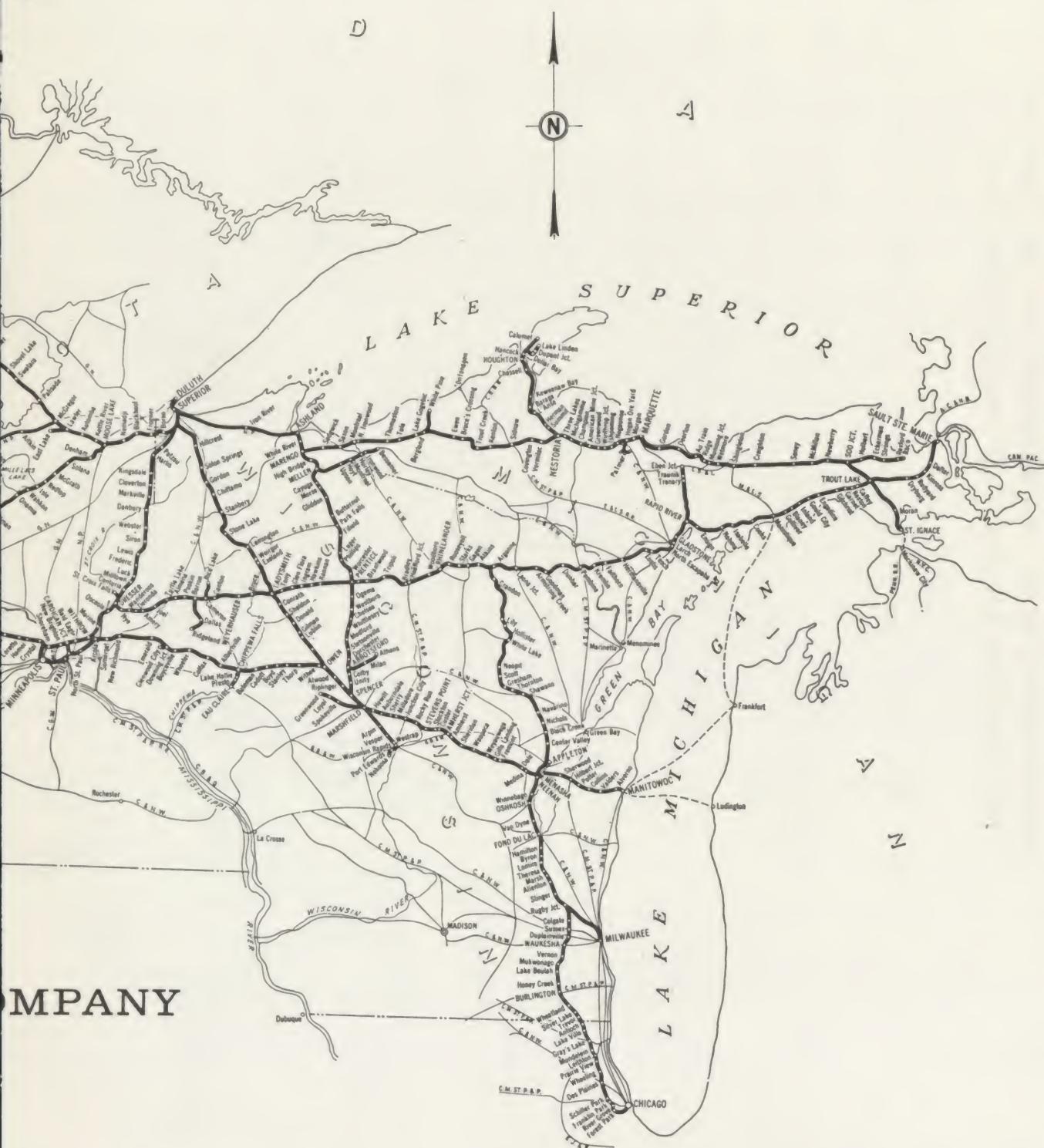


the new



SOO LINE RAILROAD CO.

COMPANY



**AMORTIZATION OF ROAD AND EQUIPMENT FOR TAX PURPOSES
AND RESULTING DEFERMENT OF FEDERAL INCOME TAXES**

	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>TOTAL</u>
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D.S.S.&A.

Increases in amortization

charges over normal depreciation accruals	\$105,705	\$165,118	\$379,285	\$384,000	\$383,000	\$259,051	\$364,293	\$148,841	\$148,841	\$148,841	\$2,338,134
Federal income tax rate	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%
Federal income tax deferment	\$ 54,967	\$ 85,861	\$197,228	\$ 199,680	\$ 199,160	\$ 134,707	\$ 189,433	\$ 77,397	\$ 77,397	\$ 77,397	\$1,215,830

WISCONSIN CENTRAL

Increases in amortization

charges over normal depreciation accruals	\$509,307	\$571,759	\$866,244	\$1,206,000	\$1,201,261	\$ 993,040	\$1,389,703	\$1,088,338	\$ 626,918	\$ 626,918	\$ 8,826,645
Federal income tax rate	50.75%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%
Federal income tax deferment \$ 51,722	\$127,345	\$264,840	\$297,314	\$450,447	\$ 627,120	\$ 624,656	\$ 516,381	\$ 722,645	\$ 565,936	\$ 325,997	\$ 4,574,403

M.St.P & S.S.M.

Increases in amortization

charges over normal depreciation accruals	\$285,915	\$555,576	\$695,855	\$668,542	\$ 386,600	\$ 834,902	\$1,324,748	\$1,578,801	\$1,582,328	\$1,069,755	\$9,052,154
Federal income tax rate	42%	50.75%	52%	52%	52%	52%	52%	52%	52%	52%	52%
Federal income tax deferment \$ 29,035	\$145,102	\$288,900	\$361,845	\$347,642	\$ 201,032	\$ 434,149	\$ 688,869	\$ 820,977	\$ 822,810	\$ 556,273	\$4,696,634

PHYSICAL PROPERTY CHANGES, ADDITIONS AND BETTERMENTS

The program of improvements to physical property of each company was continued during 1960 consistent with the company's financial position. A brief summary of the projects undertaken in 1960 follows:

Road and General Expenditures:	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Bridge Renewals, Fillings.....	\$ 23,668	\$146,324	\$ 309,428
Additions and Improvements to Station and Office Buildings.....		109,116	114,013
Additions and Improvements to Shops and Enginehouses.....		34,049	123,333
Additions and Improvements to Roadway Buildings and Machinery.....	983	6,098	30,747
Additional Company Side and Yard Tracks.....	548	15,300	60,676
Additional Industry Side and Yard Tracks.....	7,620	19,394	123,375
Relaying Rail in Main Tracks:			
New 115 pound replacing 100 pound: M.St.P.&S.S.M.	1.76 Miles.....		24,731
Wisconsin Central	4.54 Miles.....	45,939	.....
New 90 pound replacing 80 pound D.S.S.&A.	.98 Miles.....	4,797	.....
New 90 pound replacing 85 pound M.St.P.&S.S.M.	10.03 Miles.....		36,443
With relay rail: M.St.P.&S.S.M.	3.00 Miles.....		7,237
Wisconsin Central	3.91 Miles.....	7,004	.....
Additional Tie Plates and Rail Anchors.....	5,829	29,464	89,321
Widening and Flattening cuts.....			71,060
Additions and Improvements to Interlockers and Signals.....	760	373,634	49,021
Additions and Improvements to Communication Systems.....		6,261	41,437
Expenditures for Public Improvements and Railroad Crossings.....	299	2,892	28,538
Additions and Improvements to Manitowoc Car Ferry Slip.....		25,393	.....
Improvements to Ore Dock at Marquette, Mich.....	18,581		.....
M.St.P.&S.S.M. & Great Northern Ry. Co-ordination—Hankinson to Genesee, N.D., and Rival to Crosby, N.D.....			74,599
Line Revision—Pollock, S.D.....			34,913
Miscellaneous Expenditures.....	13,463	36,497	126,047
Total.....	\$ 76,548	\$857,365	\$1,344,919
Equipment:			
Installation of radio equipment in 10 Diesel Locomotives.....			\$ 17,540
Application of "DF" material and widening doors on 40'6" Box Cars.....		\$ 7,324	18,311
Purchase of 70 Ton Flat Cars for Piggy-Back Service—10 Wis. Cent., 5 M.St.P.&S.S.M. Cars.....		151,147	77,012
Purchase of automobiles and trucks.....	7,633	26,890	35,932
Application of steel end racks on 9 flat cars.....	6,511		.....
Purchase of 1 S.H. Freuhauf-Semi-Trailer.....	4,280		.....
Construction of revenue and work cars from damaged foreign line cars.....		3,483	4,216
Adjustments applicable to construction of cars previously reported.....			36,406
Miscellaneous Expenditures.....	3,526	21,659	25,183
Total.....	\$ 14,898	\$210,503	\$ 141,788

TRACK MILES OF RAIL LAID

Installed in Main Track:	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
New 115 Pound.....		4.54	1.76
New 90 Pound.....	.98	.....	10.03
Second Hand 100 Pound.....		3.91	.....
Second Hand 85 Pound.....		.....	3.00
Total—Installed in Main Track.....	.98	8.45	14.79

CROSS TIES REPLACED

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Treated Cross Ties.....	20,552	9,073	44,712

Figures in Bold Face Denote Contra.

MATURITIES BY YEARS OF LONG-TERM DEBT OUTSTANDING AT DECEMBER 31, 1960

(Exclusive of amounts due within one year, which are included in Current Liabilities on the Balance Sheet)

D.S.S.&A.

WISCONSIN CENTRAL

Year of Maturity	Equipment Obligations	First Mortgage Income	Conditional Sale Agreement	First Mortgage Fixed Interest 4% Bonds Series A, Due Jan. 1, 2004	General Mortgage Income 4½% Bonds Series A, Due Jan. 1, 2029	Total
		4% Bonds Series B, Due Jan. 1, 1995				
1962.....	\$ 295,111	.....	\$ 295,111	\$1,073,884	\$ 60,000	..... \$ 1,133,884
1963.....	295,111	.....	295,111	1,053,112	60,000	..... 1,113,112
1964.....	295,111	.....	295,111	1,025,512	60,000	..... 1,085,512
1965.....	237,949	.....	237,949	949,742	7,687	..... 957,429
1966.....	130,660	.....	130,660	814,412	.....	..... 814,412
1967.....	.....	.....	729,048	.....	.....	729,048
1968.....	.....	.....	588,000	.....	.....	588,000
1969.....	.....	.....	485,000	.....	.....	485,000
1970.....	.....	.....	240,000	.....	.....	240,000
1971.....	.....	.....	240,000	.....	.....	240,000
1972.....	.....	.....	240,000	.....	.....	240,000
1973.....	.....	.....	40,000	.....	.....	40,000
1995.....	.....	\$4,411,300	4,411,300	.....	.....	.....
2004.....	.....	.....	.....	.....	\$13,553,000	..... 13,553,000
2029.....	.....	.....	.....	.....	.....	\$19,761,000 19,761,000
Totals.....	\$1,253,942	\$4,411,300	\$5,665,242	\$7,478,710	\$187,687	\$13,553,000 \$19,761,000 \$40,980,397

M.St.P.&S.S.M.

Year of Maturity	Equipment Obligations	C. T. C. Signal System Conditional Sale Agreement	First Mortgage Income 4½% Bonds Series A, Due Jan. 1, 1971	General Mortgage Income 4% Bonds Series A, Due Jan. 1, 1991	Total
		
1962.....	\$1,305,026	\$ 88,000	.....	.....	\$ 1,393,026
1963.....	1,305,025	88,000	.....	.....	1,393,025
1964.....	1,287,794	88,000	.....	.....	1,375,794
1965.....	1,204,900	88,000	.....	.....	1,292,900
1966.....	1,127,150	7,333	.....	.....	1,134,483
1967.....	1,025,800	.....	.....	.....	1,025,800
1968.....	735,000	.....	.....	.....	735,000
1969.....	735,000	.....	.....	.....	735,000
1970.....	292,000	.....	.....	.....	292,000
1971.....	292,000	.....	\$6,239,000	.....	6,531,000
1972.....	116,000	.....	.....	.....	116,000
1991.....	.....	.....	.....	\$13,065,900	13,065,900
Totals.....	\$9,425,695	\$359,333	\$6,239,000	\$13,065,900	\$29,089,928

DETAILS OF INCOME ACCOUNT
OPERATING REVENUES

FREIGHT:

Products of Agriculture:

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Grain.....	\$ 14,397	\$ 1,419,718	\$11,287,843
Flour.....	125,820	466,820	94,789
All Other.....	70,912	1,214,265	1,195,206
Total.....	211,129	3,100,803	12,577,838

Animals and Animal Products:

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Meats, Fresh.....	17,315	317,178	34,066
Butter.....	7,390	188,483	49,379
All Other.....	12,735	437,552	221,880
Total.....	37,440	943,213	305,325

Products of Mines:

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Bituminous Coal.....	284,438	681,001	491,369
Lignite Coal.....	.....	.....	391,832
Coke.....	48,397	74,696	262,371
Iron Ore.....	446,503	840,761	995,047
Clay and Bentonite.....	5,109	328,932	129,447
Sand and Gravel.....	7,893	108,325	214,945
Stone and Rock.....	57,302	119,319	151,576
Crude Oil.....	.....	8,301	1,052,502
All Other.....	144,195	614,454	767,904
Total.....	993,837	2,775,789	4,456,993

Products of Forests:

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Logs, Butts and Bolts.....	121,048	106,539	384,893
Posts, Poles, and Piling, Wooden.....	5,691	154,112	314,875
Pulpwood.....	309,236	1,100,669	1,189,073
Lumber, Shingles and Lath.....	1,001,403	2,964,002	5,732,016
All Other.....	614,020	604,778	389,355
Total.....	2,051,398	4,930,100	8,010,212

Manufactures and Miscellaneous:

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Gasoline and Petroleum Products.....	138,634	496,204	894,656
Fuel and Road Oils, etc.....	141,149	298,287	289,449
Chemicals.....	66,071	316,407	366,047
Fertilizers.....	7,163	431,426	633,980
Manufactured Iron and Steel.....	171,023	1,479,541	651,691
Iron and Steel Pipe.....	60,589	678,559	282,678
Cement, Building.....	55,244	426,282	316,003
Woodpulp.....	206,230	877,680	1,537,090
Newsprint Paper.....	79,126	293,000	1,686,191
Printing Paper.....	98,635	1,336,095	268,089
Wall Board.....	111,057	342,560	151,502
Food Products.....	56,083	1,120,102	429,137
All Other.....	1,551,742	8,702,427	4,200,839
Total.....	2,742,746	16,798,570	11,707,352
Total Carload Freight.....	6,036,550	28,548,475	37,057,720

Less-than-carload Freight.

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Total Freight.....	6,155,682	29,588,313	37,885,356

PASSENGER.

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
MAIL.....	28,057	291,760	572,677
EXPRESS.....	189,368	1,033,052	888,872
OTHER PASSENGER-TRAIN SERVICE.....	39,547	339,996	178,543
SWITCHING.....	1,751	52,679	242,016
DEMURRAGE.....	14,801	538,682	201,938
ORE DOCK CHARGES.....	9,221	207,758	129,958
JOINT FACILITY—NET.....	100,471	145,979	107,494
ALL OTHER.....	18,356	47,131	89,404
	14,658	116,381	159,861

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Total Operating Revenues.....	\$6,571,912	\$32,361,731	\$40,456,119

DETAILS OF INCOME ACCOUNT—Continued

OPERATING EXPENSES

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Maintenance of Way and Structures:			
Superintendence.....	\$ 93,050	\$ 335,736	\$ 616,159
Roadway Maintenance.....	166,497	322,717	883,881
Tunnels and Subways.....	.....	275	274
Bridges, Trestles and Culverts.....	48,356	154,648	260,430
Ties.....	93,105	55,990	188,709
Rails.....	9,774	62,541	153,195
Other Track Material.....	38,246	177,790	278,147
Ballast.....	35,446	44,645	109,042
Track Laying and Surfacing (Labor).....	225,200	838,568	1,752,350
Total.....	616,624	1,657,174	3,626,028
Fences, Snowsheds and Signs.....	1,720	26,412	71,653
Station and Office Buildings.....	19,466	126,009	216,781
Roadway Buildings.....	2,425	2,180	9,225
Water Stations.....	9	1,069	2,764
Fuel Stations.....	731	4,434	7,252
Shops and Enginehouses.....	11,556	140,430	186,110
Wharves and Docks.....	5,850	10,091	11
Coal and Ore Wharves.....	13,995	70,398	.....
Communication Systems.....	16,565	94,665	190,567
Signals and Interlockers.....	10,107	113,845	43,323
Power Plants.....	.....	3,305	5,972
Power Transmission Systems.....	.....	566	391
Miscellaneous Structures.....	140	235	361
Total.....	82,546	593,639	734,410
Roadway Machines.....	31,851	141,893	289,679
Dismantling Retired Road Property.....	4,567	11,542	49,222
Small Tools and Supplies.....	13,920	61,987	123,551
Removing Snow, Ice, and Sand.....	77,128	80,636	185,682
Public Improvements—Maintenance.....	9,321	83,684	88,158
Injuries to Persons.....	6,731	41,645	76,511
Insurance.....	7,358	26,702	37,731
Stationery and Printing.....	2,611	4,362	9,269
Other Expenses.....	23,128	81,188	178,588
Maintaining Jt. Trks., Yds. and Other Fac.—Dr.....	180,728	232,079	243,026
Maintaining Jt. Trks., Yds. and Other Fac.—Cr.....	21,570	71,458	26,054
Right-of-Way Expenses.....	512	1,711	4,545
Total.....	336,285	695,971	1,259,908
Total Maint. of Way and Struct. Excluding Depreciation and Retirement Charges.....			
Depreciation and Retirement Charges.....	1,128,505	3,282,520	6,236,505
Depreciation and Retirement Charges:			
Road Property—Depreciation.....	123,651	512,138	585,702
Retirements—Road.....	20,515	45,098	101,209
Total.....	144,166	557,236	686,911
Total Maint. of Way and Struct. Including Depreciation and Retirement Charges.....			
Depreciation and Retirement Charges.....	\$1,272,671	\$ 3,839,756	\$ 6,923,416
Per cent to Total Operating Revenues.....	19.37	11.87	17.11

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Maintenance of Equipment:			
Superintendence.....	\$ 36,917	\$ 131,420	\$ 192,317
Shop Machinery.....	7,757	50,346	81,757
Power Plant Machinery.....	.....	7,873	14,231
Steam Locomotives—Repairs.....	.....	.....	.....
Other Locomotives—Repairs.....	523,285	1,432,688	1,765,991
Freight-Train Cars—Repairs.....	313,454	1,659,920	2,693,625
Passenger-Train Cars—Repairs.....	1,097	221,487	418,149
Work Equipment—Repairs.....	13,665	47,126	95,148
Miscellaneous Equipment—Repairs.....	37,619	30,697	58,625
Total.....	896,877	3,450,137	5,127,526
Dismantling Retired Shop & P. P. Machinery.....	.....	70	219
Dismantling Retired Equipment.....	5,565	5,235	8,686
Retirements—Equipment.....	.....	.....	21,234
Injuries to Persons.....	4,372	16,601	25,983
Insurance.....	13,438	70,402	97,105
Stationery and Printing.....	2,274	2,880	4,322
Other Expenses.....	20,291	68,155	166,412
Joint Maint. of Equip. Expenses—Dr.....	15,806	40,571	33,340
Joint Maint. of Equip. Expenses—Cr.....	70	14,635	3,602
Total.....	61,816	189,279	311,231
Total Maintenance of Equipment Excluding			
Depreciation Charges	995,610	3,770,836	5,631,074
Depreciation Charges:			
Shop and Power Plant Machinery.....	3,666	13,538	21,584
Equipment.....	310,212	1,302,176	1,721,460
Total.....	313,878	1,315,714	1,743,044
Total Maintenance of Equipment Including			
Depreciation	\$ 1,309,488	\$ 5,086,550	\$ 7,374,118
Per cent to Total Operating Revenues.....	19.93	15.72	18.23
Traffic:			
Superintendence.....	\$ 113,170	\$ 465,086	\$ 462,004
Outside Agencies.....	245,445	642,134	659,635
Advertising.....	3,100	32,010	37,432
Traffic Associations.....	11,211	21,681	39,476
Industrial and Immigration Bureaus.....	.....	15,235	15,811
Insurance.....	117	68	279
Stationery and Printing.....	18,188	78,926	76,997
Other Expenses.....	5,236	17,792	18,162
Total Traffic.....	\$ 396,467	\$ 1,272,932	\$ 1,309,796
Per cent to Total Operating Revenues.....	6.03	3.93	3.24

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Transportation:			
Superintendence.....	\$ 79,448	\$ 382,322	\$ 474,071
Dispatching Trains.....	59,748	222,686	247,362
Total.....	139,196	605,008	721,433
Station Employees.....	323,559	2,420,667	2,794,548
Weighing Insp. and Dem. Bureaus.....	4,290	39,335	43,533
Coal and Ore Wharves.....	84,505	75,423	.....
Station Supplies and Expenses.....	26,723	180,517	283,377
Total.....	439,077	2,715,942	3,121,458
Yard Masters and Yard Clerks.....	40,594	675,739	508,793
Yard Conductors and Brakemen.....	137,582	1,670,625	1,063,419
Yard Switch and Signal Tenders.....	6,350	36,701	35,862
Yard Enginemen.....	87,644	1,115,156	716,164
Yard Switching Fuel.....	13,653	127,670	92,752
Water for Yard Locomotives.....	69	1,373	1,364
Lubricants for Yard Locomotives.....	2,913	15,620	15,537
Other Supplies for Yard Locomotives.....	335	12,505	9,693
Enginehouse Expenses—Yard.....	36,331	226,470	169,901
Yard Supplies and Expenses.....	1,823	37,302	19,326
Opr. Joint Yards and Terminals—Dr.....	156,614	636,884	873,302
Opr. Joint Yards and Terminals—Cr.....	32,089	91,638	45,673
Total.....	451,819	4,464,407	3,460,440
Train Enginemen.....	350,393	1,194,115	1,822,021
Train Fuel.....	215,529	973,956	1,097,886
Water for Train Locomotives.....	1,043	6,322	12,825
Lubricants for Train Locomotives.....	25,878	84,959	112,392
Other Supplies for Train Locomotives.....	2,953	21,492	23,752
Enginehouse Expenses—Train.....	94,583	365,663	481,984
Trainmen.....	471,304	1,682,657	2,828,552
Train Supplies and Expenses.....	84,804	1,039,708	1,303,975
Operating Sleeping Cars.....	.....	69,091	155,737
Total.....	1,246,487	5,437,963	7,839,124
Signal and Interlocker Operation.....	6,734	114,799	145,571
Crossing Protection.....	5,965	44,417	27,675
Drawbridge Operation.....	.....	14,339	.....
Communication System Operation.....	697	65,173	143,902
Stationery and Printing.....	8,596	62,551	71,199
Other Expenses.....	98,701	123,289	128,570
Operating Jt. Trks. and Facilities—Dr.....	17,667	243,773	138,774
Operating Jt. Trks. and Facilities—Cr.....	40,083	50,019	25,926
Insurance.....	3,493	21,081	26,619
Clearing Wrecks.....	1,757	30,530	57,227
Damage to Property.....	246	13,773	3,790
Damage to Live Stock on R. of W.....	.....	6,343	6,232
Loss and Damage—Freight.....	30,447	344,744	225,105
Loss and Damage—Baggage.....	.....	66	58
Injuries to Persons.....	28,680	220,964	243,231
Total.....	162,900	1,255,823	1,192,027
Total Transportation	\$2,439,479	\$14,479,143	\$16,334,482
Per cent to Total Operating Revenues.....	37.12	44.74	40.38
Miscellaneous Operations:			
Dining and Buffet Service.....	.....	\$ 72,388	\$ 162,430
Operating Jt. Miscl. Facilities—Dr.....	.....	921	3,958
Total Miscellaneous Operations.....	.....	\$ 73,309	\$ 166,388
Per cent to Total Operating Revenues.....	.....	.23	.41

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
General:			
Sal. and Exp. of General Officers.....	\$ 69,241	\$ 277,815	\$ 260,808
Sal. and Exp. of Clerks and Attendants.....	156,574	965,896	1,091,859
General Office Supplies and Expenses.....	5,895	233,241	273,429
Law Expenses.....	25,610	119,468	164,412
Insurance.....	4,743	24,003	27,107
Pensions and Gratuities.....	7,574	108,556	456,130
Stationery and Printing.....	3,004	41,805	52,186
Other Expenses.....	11,793	95,153	138,182
General Joint Facilities—Dr.....	4,524	46,208	13,300
General Joint Facilities—Cr.....	.....	1,897	4,176
Total General.....	\$ 288,958	\$ 1,910,248	\$ 2,473,237
Per cent to Total Operating Revenues.....	4.39	5.90	6.11
Total Railway Operating Expenses.....	\$ 5,707,063	\$26,661,938	\$34,581,437
Per cent to Total Operating Revenues.....	86.84	82.39	85.48
NET REVENUE FROM RAILWAY OPERATIONS.....	\$ 864,849	\$ 5,699,793	\$ 5,874,682

RAILWAY TAX ACCRUALS

Payroll Taxes:			
Railroad Retirement.....	\$ 189,759	\$ 905,545	\$ 1,191,374
Railroad Unemployment.....	105,733	509,151	651,877
Total Payroll Taxes.....	295,492	1,414,696	1,843,251
Other Taxes:			
Federal Income:			
Current Year.....	.....	.....	.....
Adjustment of Prior Years.....	.....	.....	432,000
State, Local and Other.....	219,974	981,286	1,709,413
Total Other Taxes.....	219,974	981,286	1,277,413
Total Railway Tax Accruals.....	\$ 515,466	\$ 2,395,982	\$ 3,120,664
RAILWAY OPERATING INCOME.....	\$ 349,383	\$ 3,303,811	\$ 2,754,018

EQUIPMENT RENTS—NET

Freight Cars.....	\$ 93,646	\$ 2,038,212	\$ 870,714
Passenger Cars.....	143	116,293	46,241
Locomotives.....	3,673	96	27,827
Work Equipment.....	1,865	5,299	3,666
Total Equipment Rents—Net.....	\$ 88,251	\$ 2,149,110	\$ 792,980

JOINT FACILITY RENTS

Rents Payable.....	\$ 61,389	\$ 635,477	\$ 563,750
Rents Receivable.....	15,602	179,809	274,212
Total Joint Facility Rents—Net.....	\$ 45,787	\$ 455,668	\$ 289,538
TOTAL WORKING EXPENSES.....			
Per cent to Total Operating Revenues.....	96.72	97.84	95.87
NET RAILWAY OPERATING INCOME.....	\$ 215,345	\$ 699,033	\$ 1,671,500

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Concluded

	OTHER INCOME		Wisconsin Central	M.St.P.&S.S.M.
	D.S.S.&A.			
Miscellaneous Rent Income.....	\$ 21,096		\$ 97,026	\$ 133,046
Income from Non-Operating Property.....	1,151		5,074	4,481
Dividend Income.....			.....	112,444
Interest Income.....	23,124		35,872	122,679
Miscellaneous Income.....	601		40,438	33,681
Total Other Income.....	\$ 45,972		\$ 178,410	\$ 406,331
TOTAL INCOME.....	\$ 261,317		\$ 877,443	\$ 2,077,831

MISCELLANEOUS DEDUCTIONS FROM INCOME

Miscellaneous Rents.....	\$ 507	\$ 1,452	\$ 4,452
Miscellaneous Tax Accruals.....		4,113	2,244
Separately Operated Properties—Loss.....	51,017	.....	.....
Miscellaneous Income Charges.....	9,297	30,485	124,757
Total Miscellaneous Deductions from Income.....	\$ 60,821	\$ 36,050	\$ 131,453

INCOME AVAILABLE FOR FIXED AND CONTINGENT CHARGES.....	\$ 200,496	\$ 841,393	\$ 1,946,378
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FIXED CHARGES

Rent for Leased Road and Equipment.....		\$ 47,154	\$ 1,685
Interest on Equipment Obligations.....	\$ 64,966	384,101	435,102
Interest on Centralized Traffic Control Obligations.....		4,418	.....
Interest on Wisconsin Central First Mortgage Bonds.....		542,829	.....
Interest on Unfunded Debt.....		7,381	118
Amortization of Discount on Funded Debt.....		7,507	10,103
Total Fixed Charges.....	\$ 64,966	\$ 993,390	\$ 447,008
INCOME AVAILABLE FOR CONTINGENT CHARGES.....	\$ 135,530	\$ 151,997	\$ 1,499,370

CONTINGENT INTEREST

Interest on D.S.S.&A. First Mortgage Bonds.....	\$ 134,990	.....	.....
Interest on Wisconsin Central General Mortgage Bonds.....		\$ 889,245	.....
Interest on M.St.P.&S.S.M. First Mortgage Bonds.....		.....	\$ 280,760
Interest on M.St.P.&S.S.M. General Mortgage Bonds.....		.....	522,636
Total Contingent Interest.....	\$ 134,990	\$ 889,245	\$ 803,396
NET INCOME.....	\$ 540	\$ 1,041,242	\$ 695,974

SINKING FUNDS

D.S.S.&A. First Mortgage.....		.....	.....
Wisconsin Central First Mortgage.....		.....	.....
Wisconsin Central General Mortgage.....		.....	.....
M.St.P.&S.S.M. General Mortgage.....		.....	\$ 100,645
Total Sinking Funds.....		.....	\$ 100,645
BALANCE AFTER SINKING FUND CHARGES.....	\$ 540	\$ 1,041,242	\$ 595,329

Figures in Bold Face Denote Contra.

OPERATING STATISTICS

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
AVERAGE MILES OF ROAD OPERATED.....	543.53	1,030.61	3,222.02
TRAIN MILES (REVENUE SERVICE)			
Freight Service.....	488,925	1,620,526	2,508,674
Passenger Service.....	55,748	391,013	829,556
TOTAL TRAIN MILES.....	544,673	2,011,539	3,338,230
LOCOMOTIVE MILES (REVENUE SERVICE)			
Freight Service.....	490,370	1,627,664	2,512,300
Passenger Service.....	56,472	392,956	837,509
Switching Service—Road and Yard.....	142,149	1,079,206	930,798
TOTAL LOCOMOTIVE MILES.....	688,991	3,099,826	4,280,607
CAR MILES (REVENUE SERVICE)			
Freight:			
Loaded.....	11,406,381	66,916,204	82,087,216
Empty.....	4,861,324	36,070,962	47,897,375
Caboose.....	502,925	1,613,760	1,979,734
Total.....	16,770,630	104,600,926	131,964,325
Passenger:			
Coaches.....	105,490	681,951	1,204,457
Sleeping and Parlor.....	59,030	523,147	1,302,003
Other.....	113,190	3,119,388	3,812,061
Total.....	277,710	4,324,486	6,318,521
TOTAL CAR MILES.....	17,048,340	108,925,412	138,282,846
GROSS TON MILES			
Freight Service—Cars and Contents.....	792,858,800	4,529,374,706	5,971,290,011
Passenger Service—Cars Only.....	18,884,280	279,429,408	352,907,216
TOTAL GROSS TON MILES.....	811,743,080	4,808,804,114	6,324,197,227
CONSUMPTION OF FUEL:			
Diesel Fuel in Gallons:			
Freight.....	1,772,690	8,985,311	9,922,931
Passenger.....	96,953	1,180,289	1,799,086
Yard Switching.....	119,776	1,352,556	965,860
Total.....	1,989,419	11,518,156	12,687,877
Average Cost per Gallon.....	\$.1132	\$.0953	\$.0943
Cost per 1,000 Gross Ton Miles:			
Road Freight.....	\$.2580	\$.1899	\$.1570
Road Passenger.....	\$.5600	\$.3912	\$.4421
Cost per Switch Engine Hour.....	\$ 1.1690	\$.7714	\$.8724
FREIGHT TRAFFIC:			
Freight Revenue.....	\$ 6,155,682	\$ 29,588,313	\$ 37,885,356
Number of Carloads.....	64,719	248,719	244,585
Tons—Revenue Freight.....	2,744,543	8,720,587	9,430,007
Ton Miles—Revenue Freight.....	390,884,822	2,004,191,361	2,726,814,496
Train Load:			
Gross Tons per Train.....	1,621	2,795	2,380
Net Tons per Carload.....	34.3	30.0	33.2
Train Fuel Consumption per 1,000 Gross Ton Miles:			
Gallons of Fuel Oil—Diesel.....	2.2	2.0	1.7
Train Speed.....	15.3	19.3	20.1
Gross Ton Miles per Train Hour.....	24,845	54,072	47,944

OPERATING STATISTICS—Continued

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Averages per Mile of Road:			
Freight Revenue.....	\$11,325	\$28,710	\$11,758
Train Miles.....	900	1,572	779
Freight Train Car Miles.....	30,855	101,494	40,957
Ton Miles—Revenue Freight.....	719,160	1,944,665	846,306
Averages per Train Mile:			
Freight Revenue.....	\$12.59	\$18.26	\$15.10
Freight Cars—Loaded.....	23.3	41.3	32.7
Freight Cars—Empty.....	9.9	22.3	19.1
Tons of Revenue Freight.....	799.5	1,236.8	1,087.0
Gross Tons.....	1,621.6	2,795.0	2,380.3
Averages per Loaded Car Mile:			
Freight Revenue (Cents).....	54.0	44.2	46.2
Tons of Revenue Freight.....	34.3	30.0	33.2
Miscellaneous Averages:			
Revenue per Ton of Freight.....	\$2.24	\$3.39	\$4.02
Revenue per Ton Mile of Freight (Cents).....	1.57	1.48	1.39
Miles Hauled per Ton—Revenue Freight.....	142.4	229.8	289.2
PASSENGER TRAFFIC:			
Passenger Revenue.....	\$ 28,057	\$ 291,760	\$ 572,677
Total Passenger Train Revenue.....	\$258,723	\$1,717,487	\$1,882,108
Revenue Passengers Carried.....	18,124	43,180	91,163
Revenue Passenger Miles.....	905,052	11,532,016	22,635,452
Averages per Mile of Road:			
Passenger Revenue.....	\$ 52	\$ 283	\$178
Total Passenger Train Revenue.....	\$476	\$1,666	\$584
Train Miles.....	103	379	257
Passenger Train Car Miles.....	511	4,196	1,961
Revenue Passenger Miles.....	1,665	11,190	7,025
Averages per Train Mile:			
Passenger Revenue.....	\$.50	\$.75	\$.69
Total Passenger Train Revenue.....	\$4.64	\$4.39	\$2.27
Passenger Cars.....	5.0	11.1	7.6
Passengers.....	16.2	29.5	27.3
Averages per Car Mile:			
Passenger Revenue (Cents).....	17.1	24.2	22.8
Total Passenger Train Revenue (Cents).....	41.4*	39.7	29.8
Passengers.....	5.5	9.6	9.0
Miscellaneous Averages:			
Passenger Revenue per Passenger.....	\$1.55	\$6.76	\$6.28
Passenger Revenue per Passenger Mile (Cents).....	3.10	2.53	2.53
Miles Carried—Revenue Passengers.....	49.9	267.1	248.3

*For the D.S.S.&A. this average is based on total passenger car and truck miles.

OPERATING STATISTICS—Concluded

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
TOTAL TRAFFIC:			
Operating Revenue.....	\$6,571,912	\$32,361,731	\$40,456,119
Operating Expenses.....	\$5,707,063	\$26,661,938	\$34,581,437
Net Operating Revenue.....	\$ 864,849	\$ 5,699,793	\$ 5,874,682
Averages per Mile of Road:			
Train Miles.....	1,002	1,952	1,036
Car Miles.....	31,366	105,690	42,918
Operating Revenue.....	\$12,091	\$31,401	\$12,556
Operating Expenses.....	\$10,500	\$25,870	\$10,733
Net Operating Revenue.....	\$ 1,591	\$ 5,531	\$ 1,823
Averages per Train Mile:			
Operating Revenue.....	\$12.07	\$16.09	\$12.12
Operating Expenses.....	\$10.48	\$13.26	\$10.36
Net Operating Revenue.....	\$ 1.59	\$ 2.83	\$ 1.76
CLASSIFICATION OF TONS OF REVENUE FREIGHT			
Grain.....	2,960	357,008	1,390,963
Other Products of Agriculture.....	43,874	462,175	340,686
Animals and Animal Products.....	5,018	122,781	46,528
Products of Mines.....	1,161,084	1,953,498	2,662,046
Products of Forests.....	871,424	1,811,792	2,176,798
Manufactures and Miscellaneous.....	653,929	3,965,979	2,772,114
Total Carload Freight.....	2,738,289	8,673,233	9,389,135
Less than Carload Freight.....	6,254	47,354	40,872
TOTAL TONS—REVENUE FREIGHT	2,744,543	8,720,587	9,430,007

COMPARISON OF FREIGHT TONNAGE AND REVENUES

	TONNAGE PER CENT			REVENUE PER CENT		
	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Grain.....	.11	4.09	14.75	.23	4.80	29.79
Other Products of Agriculture.....	1.60	5.30	3.61	3.20	5.68	3.41
Animals and Animal Products.....	.18	1.41	.49	.61	3.19	.81
Products of Mines.....	42.30	22.40	28.23	16.14	9.38	11.77
Products of Forests.....	31.75	20.78	23.09	33.32	16.66	21.14
Manufactures and Miscellaneous.....	23.83	45.48	29.40	44.56	56.78	30.90
Total Carload Freight.....	99.77	99.46	99.57	98.06	96.49	97.82
Less than Carload Freight.....	.23	.54	.43	1.94	3.51	2.18

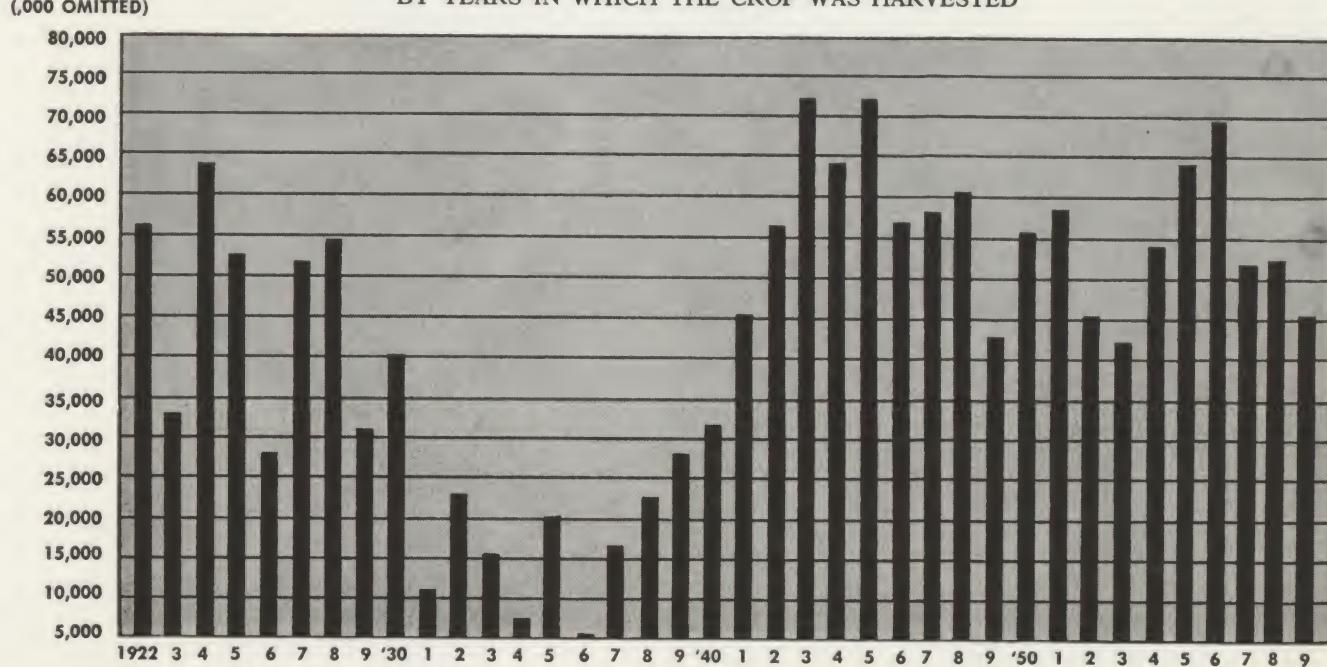
GRAIN MOVEMENT

Annual movement of grain in bushels originated on line and received from connections in the grain territory west of Minneapolis-St. Paul and Duluth-Superior and moved to those terminal markets.

(000 omitted)

	Originated on Line			Received from Connections	
	Jan. 1 to July 31	Aug. 1 to Dec. 31	Total		Total
1941.....	13,549	26,165	39,714	3,433	43,147
1942.....	16,941	29,854	46,795	1,642	48,437
1943.....	26,953	38,110	65,063	14,228	79,291
1944.....	34,453	34,399	68,852	34,578	103,430
1945.....	30,437	45,748	76,185	3,692	79,877
1946.....	26,769	32,417	59,186	1,477	60,663
1947.....	24,065	39,540	63,605	1,752	65,357
1948.....	19,282	34,689	53,971	1,597	55,568
1949.....	26,786	27,299	54,085	1,202	55,287
1950.....	16,218	31,193	47,411	1,215	48,626
1951.....	25,691	34,344	60,035	1,370	61,405
1952.....	24,799	27,114	51,913	4,132	56,045
1953.....	19,223	22,700	41,923	471	42,394
1954.....	19,810	29,540	49,350	1,388	50,738
1955.....	25,017	31,525	56,542	1,108	57,650
1956.....	32,968	33,239	66,207	1,833	68,040
1957.....	36,329	27,652	63,981	1,257	65,238
1958.....	24,693	27,511	52,204	1,419	53,623
1959.....	25,123	27,066	52,189	1,016	53,205
1960.....	18,500	28,302	46,802	900	47,702

GRAIN CROP ORIGINATING ON SOO LINE WEST OF MINNEAPOLIS-ST. PAUL AND DULUTH-SUPERIOR AND MOVING OVER SOO LINE BY YEARS IN WHICH THE CROP WAS HARVESTED



EQUIPMENT OWNED

DECEMBER 31, 1960

DIESEL-ELECTRIC LOCOMOTIVES

	D.S.S.&A.	Wisconsin Central	M.St.P.&S.S.M.
Road Freight 4,500 H.P.—Triple Unit.....	.....	4	.....
Road Freight 3,000 H.P.—Double Unit.....	.....	11	15
Road Passenger 3,000 H.P.—Double Unit.....	.....	2	4
Road Passenger 1,500 H.P.—Single Unit.....	.....	.....	2
Road-Switch-Freight 2,000 H.P.—Single Unit.....	4	.....	.....
Road-Switch-Freight 1,750 H.P.—Single Unit.....	.....	16	15
Road-Switch-Freight 1,600 H.P.—Single Unit.....	8	1	5
Road-Switch-Freight 1,500 H.P.—Single Unit.....	4	.....	19
Road-Switch-Freight 1,000 H.P.—Single Unit.....	8	9	4
Road-Switch-Pass. or Frt. 1,750 H.P.—Single Unit.....	.....	6	9
Switch—various H.P.—Single Unit.....	.....	28	21
Total.....	24	77	94

FREIGHT-TRAIN CARS

Automobile Cars.....	.....	.....	30
Ballast Cars.....	.....	73	130
Box Cars.....	418	2,947	4,671
Caboose Cars.....	29	81	120
Coke Cars.....	.....	.....	4
Flat Cars.....	237	141	241
Flat Cars—Piggy-back.....	.....	45	5
Gondola Cars.....	246	851	743
Covered Hopper Cars.....	.....	308	178
Hopper Cars.....	59	146	292
Ore Cars.....	648	1,022	1,285
Stock Cars.....	.....	.....	384
Tank Cars.....	.....	1	5
Sawdust Cars.....	2	.....	.....
Sulphur Cars.....	.....	11	1
Refrigerator Cars.....	1	.....	.....
Fuel Oil Cars.....	.....	1	3
Total.....	1,640	5,627	8,092

PASSENGER-TRAIN CARS

Baggage Cars.....	.....	11	31
Baggage and Smoking Cars.....	.....	5	.....
Dining Cars.....	.....	.....	3
Mail and Express Cars.....	.....	8	16
Mail, Express and Coach.....	.....	.....	7
Milk Cars.....	.....	10	.....
Passenger Coaches.....	.....	13	24
Cafe-Lounge.....	.....	2	4
Passenger and Baggage Cars.....	.....	3	12
Sleeping Cars.....	6	8
Tourist Cars.....	6
Drover Cars.....	1
Total.....	58	112

WORK EQUIPMENT.....

50	198	300
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MISCELLANEOUS EQUIPMENT.....

21	87	113
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LOCOMOTIVES AND FREIGHT TRAIN CARS ADDED AND RETIRED

Year	Diesel-electric Locomotives		Freight-Train Cars		Diesel-electric Locomotives		Freight-Train Cars	
	Added	Retired	Added	Retired	Added	Retired	Added	Retired
D.S.S.&A.								
1946.....	..	...	...	5	3	...	3	44
1947.....	5	...	7	215	..	...	22	126
1948.....	..	...	100	99	2	...	...	93
1949.....	6	...	100	38	9	...	280	27
1950.....	2	...	...	30	7	...	291	220
1951.....	6	...	...	42	8	...	277	135
1952.....	2	...	...	95	7	...	...	93
1953.....	1	...	213	3	6	...	275	113
1954.....	..	...	...	61	15	...	203	93
1955.....	..	...	47	35	10	...	...	453
1956.....	..	...	...	7	2	...	68	243
1957.....	..	...	100	36	3	...	371	128
1958.....	..	...	2	19	..	...	231	154
1959.....	..	...	...	3	..	...	75	64
1960.....	..	...	...	22	..	...	11	93
WISCONSIN CENTRAL								
1946.....	..	...	...	5	3	...	3	44
1947.....	5	...	7	215	..	...	22	126
1948.....	..	...	100	99	2	...	...	93
1949.....	6	...	100	38	9	...	280	27
1950.....	2	...	...	30	7	...	291	220
1951.....	6	...	...	42	8	...	277	135
1952.....	2	...	...	95	7	...	...	93
1953.....	1	...	213	3	6	...	275	113
1954.....	..	...	...	61	15	...	203	93
1955.....	..	...	47	35	10	...	...	453
1956.....	..	...	...	7	2	...	68	243
1957.....	..	...	100	36	3	...	371	128
1958.....	..	...	2	19	..	...	231	154
1959.....	..	...	...	3	..	...	75	64
1960.....	..	...	...	22	..	...	11	93
M.St.P.&S.S.M.								
1946.....	..	...	...	5	3	...	3	44
1947.....	5	...	7	215	..	...	22	126
1948.....	..	...	100	99	2	...	...	93
1949.....	6	...	100	38	9	...	280	27
1950.....	2	...	...	30	7	...	291	220
1951.....	6	...	...	42	8	...	277	135
1952.....	2	...	...	95	7	...	...	93
1953.....	1	...	213	3	6	...	275	113
1954.....	..	...	...	61	15	...	203	93
1955.....	..	...	47	35	10	...	...	453
1956.....	..	...	...	7	2	...	68	243
1957.....	..	...	100	36	3	...	371	128
1958.....	..	...	2	19	..	...	231	154
1959.....	..	...	...	3	..	...	75	64
1960.....	..	...	...	22	..	...	11	93

MILES OF ROAD OPERATED BY STATES

AS OF DECEMBER 31, 1960

	M.St.P.&S.S.M. R.R.	W. C. R. R.	D.S.S.&A. R.R.	Less Common Mileage	Soo Line Railroad Co.
Montana.....	56.89	.....	.....	.....	56.89
North Dakota.....	1,312.86	.....	.....	.....	1,312.86
South Dakota.....	107.69	.....	.....	.....	107.69
Minnesota.....	1,015.60	75.16	.....	49.63	1,041.13
Wisconsin.....	506.57	863.77	108.10	29.72	1,448.72
Michigan.....	223.54	20.07	435.33	2.24	676.70
Illinois.....	.....	71.61	.....	.....	71.61
Total.....	<u>3,223.15</u>	<u>1,030.61</u>	<u>543.43</u>	<u>81.59</u>	<u>4,715.60</u>

SOO LINE TRAFFIC REPRESENTATIVES

You, as a stockholder, can play an important part in the movement of traffic, both freight and passenger, which is so vital to your company, by informing Soo Line traffic representatives of prospective movements; also by giving them information regarding relocation and expansion of industries that might be interested in locating in the territory served by your company. Sales and service agencies are maintained in the principal cities of both the United States and Canada, as listed below, and they would appreciate any such information that you might be able to give them.

Location	Name	Address	Telephone No.
BIRMINGHAM 3.....	J.F. Schadewald, Gen. Agent.....	301 Brown Marx Bldg	Fairfax 3-2832
BISMARCK.....	J.D. Senn, Gen. Agent.....	Soo Line Depot.....	Capital 3-5422
BOSTON 10.....	J.T. Ryan, Gen. Agent.....	80 Federal St.....	Hancock 6-5714
BUFFALO 3.....	J.B. Campbell, Gen. Agent.....	604 Ellicott Square Bldg.....	TL 3-8830
CHICAGO 4.....	K.H. Peterson, Frt. Traffic Mgr.....	2020 Board of Trade Bldg.....	Harrison 7-0565
CHICAGO 4.....	T.J. Nolan, Dist. Pass. Repr.....	2020 Board of Trade Bldg.....	Wabash 2-7506
CINCINNATI 2.....	F.A. Dykstra, Dist. Frt. Agent.....	918 Dixie Terminal Bldg.....	Cherry 1-1203-4
CLEVELAND 14.....	J.F. Smullen, Gen. Agent.....	1277 Union Comm. Bldg.....	Main 1-3353
DALLAS 1.....	A.E. Gorman, Dist. Frt. Agent.....	1026 Kirby Bldg.....	Riverside 7-3311
DETROIT 35.....	M.P. Petrie, Dist. Frt. Agent.....	14631 West McNichols.....	Broadway 3-0363
DULUTH 2.....	B. Hermanson, Asst. Traffic Mgr.....	Soo Line Tml. Bldg.....	Randolph 2-5801
DULUTH 2.....	A.E. Sword, Dist. Pass. Repr.....	Soo Line Tml. Bldg.....	Randolph 2-5801
EAU CLAIRE.....	M.A. Wigg, Gen. Agent.....	Soo Line Depot.....	Temple 2-1552
EDMONTON.....	W.S. Gregg, Gen. Agent.....	212 C.P.R. Office Bldg.....	Ga. 2-5864 and 4-4023
EUGENE.....	R.J. Riopelle, Gen. Agent.....	170-11th. Ave. E.....	Diamond 3-0731
INDIANAPOLIS 4.....	L.F. McMahon, Dist. Frt. Agent.....	430 Merchants Bank Bldg.....	Melrose 6-8003
KANSAS CITY 6.....	A.A. Hertle, Dist. Frt. Agent.....	1410 Waldheim Bldg.....	Victor 2-2235
LOS ANGELES 14.....	J.F. Rice, Gen. Agent.....	449 Pacific Electric Bldg.....	Madison 2-0338
MARQUETTE.....	W.E. Perron, Asst. Traffic Mgr.....	Soo Line Depot.....	Canal 6-6561
MEMPHIS 3.....	C.G. Seiss, Dist. Frt. Agent.....	925 Exchange Bldg.....	Jackson 5-2233
MENASHA.....	E.E. Widmer, Asst. Traffic Mgr.....	Soo Line Depot.....	Parkway 2-2891
MILWAUKEE 3.....	A.K. Miller, Asst. Traffic Mgr.....	217 North Plankinton Ave.....	Broadway 1-2643
MINNEAPOLIS 1.....	H.K. Willson, Asst. Traffic Mgr.....	501 No. 2nd. St.....	Federal 2-1261
MINOT.....	R.T. Nelson, Asst. Traffic Mgr.....	Soo Line Depot.....	Temple 4-3136
NEW ORLEANS 12.....	C.C. Watson, Dist. Frt. Agent.....	730 Hibernia Bank Bldg.....	Jackson 2-7097
NEW YORK 7.....	A.O. Plunkett, Traffic Mgr.....	950 Woolworth Bldg.....	Cortlandt 7-0628
OMAHA 2.....	F.H. Pitzl, Dist. Frt. Agent.....	917 W. O. W. Bldg.....	341-9752
PHILADELPHIA 7.....	R.T. Waltz, Gen. Agent.....	405 One N. 13th St. Bldg.....	Locust 7-1542
PITTSBURGH 19.....	G.A. Johnstone, Gen. Agent.....	504 Grant Bldg.....	Atlantic 1-3860
PORTRLAND 5.....	A.V. Hokanson, Gen. Agent.....	464 Pittock Block.....	Capital 6-4115-6
ST. LOUIS 1.....	J.C. Waddell, Dist. Frt. Agent.....	2051 Railway Exchange Bldg.....	Main 1-4768
ST. PAUL 1.....	C.O. Norwick, Traffic Mgr.....	483 East 7th St.....	Capital 2-1891
SAN FRANCISCO 5.....	H.E. Salo, Gen. Agent.....	949 Monadnock Bldg.....	Yukon 6-6398
SAULT STE. MARIE.....	R.E. Howard, Gen. Agent.....	713 Ashmun St.....	Me. 2-2243 and 2-2244
SEATTLE 1.....	R.O. Hamblly, Gen. Agent.....	1105 Vance Bldg.....	Main 4-0345
SPOKANE 8.....	H.W. Monson, Gen. Agent.....	1130 Old Natl. Bank Bldg.....	Temple 8-2901
SUPERIOR.....	O.A. Ness, Frt. and Pass. Agent.....	Soo Line Depot.....	Tel. 3213
THIEF RIVER FALLS.....	V.C. Erickson, Gen. Agent.....	Soo Line Depot.....	Mutual 1-2103
TORONTO.....	M.R. Gray, Gen. Agent.....	502 Can. Pacific Bldg.....	Empire 3-0584
VANCOUVER.....	E. Jacquest, Dist. Frt. Agent.....	205 Can. Pacific Station.....	Murdock 1-2212
WASHINGTON.....	J.G. Quick, Gen. Agent.....	P.O. Box 9802, Rosslyn Station Arlington 9, Va.....	Executive 3-0736
WINNIPEG.....	A.C. Cook, Gen. Agent.....	303 C.P.R. Bldg.....	Whitehall 2-6197-8
WINSTON-SALEM 3.....	W.T. Dickson, Commerical Agent.....	314-A Reynolds Bldg.....	Park 2-0821

the new
SOO LINE  RAILROAD COMPANY
specialist in reliable service